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ANNUAL REPORT 2013

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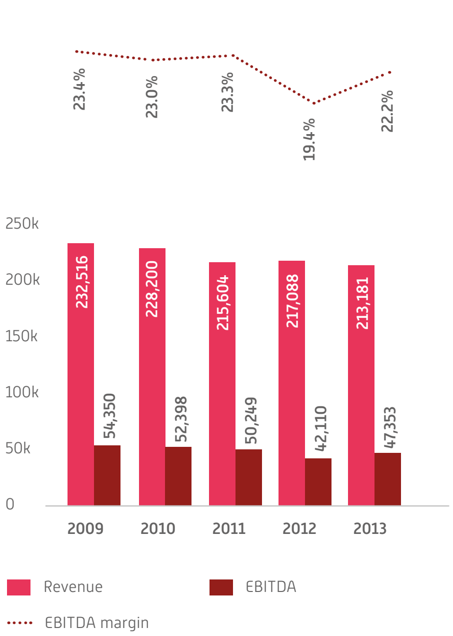
GROWTH THROUGH FOCUS, INNOVATION & SIMPLICITY

EXACT HOLDING N.V.

HIGHLIGHTS

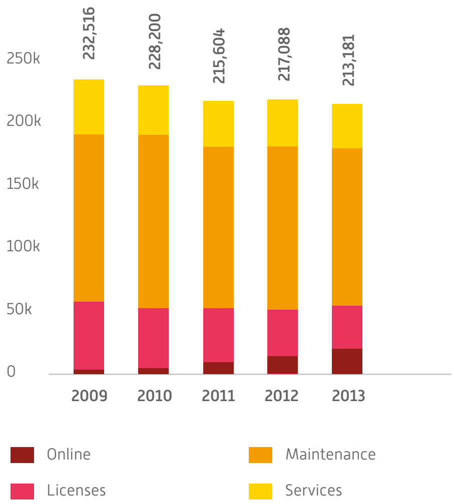
Reported revenue and profitability

(in € thousands)



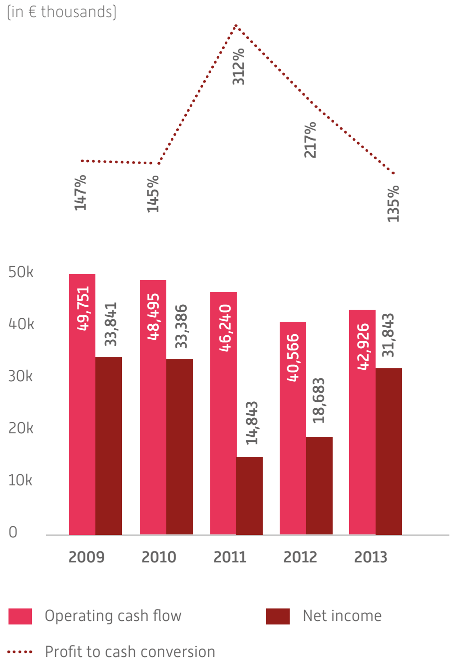
Reported revenue development per category

(in € thousands)



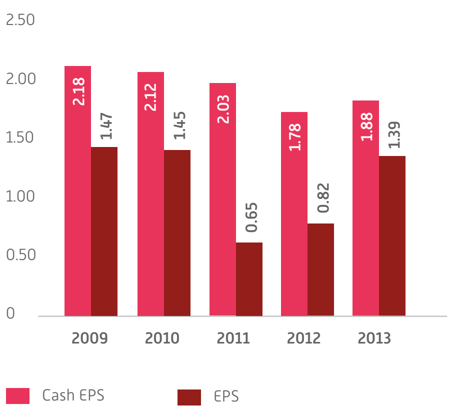
Profit to cash conversion

(in € thousands)



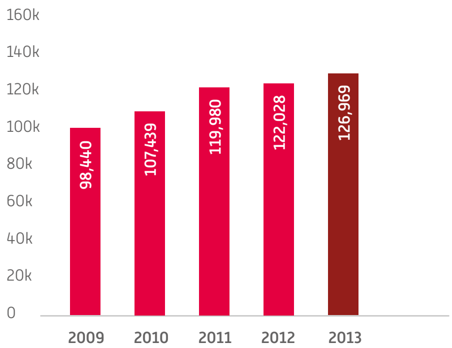
Diluted earnings per share

(in €)

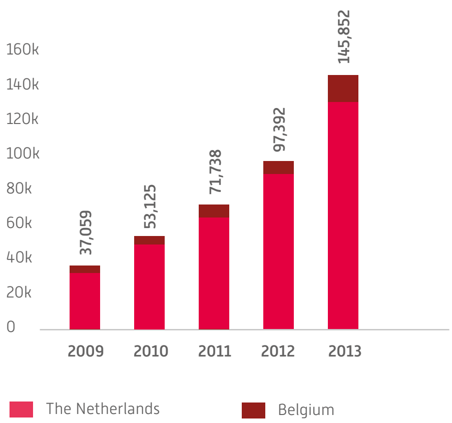


Total revenue per employee

(in €)



Total number of Exact Online paying companies



KEY FIGURES

	2013	Change	2012[2]	2011	2010	2009
REVENUE						
Cloud Solutions	**20,658**	40.3%	14,720	–	–	–
Business Solutions	**114,863**	(4.1)%	119,782	–	–	–
Specialized Solutions	**77,660**	(6.0)%	82,586	76,855	86,040	85,765
Benelux	**–**	–	–	97,006	96,202	98,878
International	**–**	–	–	41,743	45,958	47,873
TOTAL REVENUE	**213,181**	**(1.8)%**	**217,088**	**215,604**	**228,200**	**232,516**
EBITDA[1]	**47,353**	12.5%	42,110	50,249	52,398	54,350
Operating income (EBIT)	**37,755**	23.6%	30,552	23,812	41,754	45,729
Net income	**31,843**	70.4%	18,683	14,843	33,386	33,841
Operating cash flow	**42,926**	5.8%	40,566	46,240	48,495	49,751
EMPLOYEES (FTE)						
Average number of employees	**1,679**	(5.6)%	1,779	1,797	2,124	2,362
Number of employees at year end	**1,731**	4.7%	1,653	1,786	1,867	2,208
BALANCE SHEET FACTS						
Total assets	**204,634**	(0.5)%	205,611	213,101	239,031	230,251
Short-term investments, cash and equivalents	**63,990**	10.0%	58,156	53,786	58,098	48,915
Total equity	**102,590**	1.2%	101,365	113,930	146,221	138,562
Net working capital (including cash)	**8,052**	259.9%	2,237	9,135	20,736	15,351
RATIOS (%)						
EBITDA margin	**22.2%**	2.8 pts	19.4%	23.3%	23.0%	23.4%
EBIT margin	**17.7%**	3.6 pts	14.1%	11.0%	18.3%	19.7%
Net income margin	**14.9%**	6.3 pts	8.6%	6.9%	14.6%	14.6%
Current ratio (including cash)	**1.1**	10.0%	1.0	1.1	1.2	1.2
Return on equity	**31.0%**	13.6 pts	17.4%	11.5%	23.5%	24.5%
FIGURES PER SHARE **Average number of shares outstanding** (in thousands)						
Basic	**22,817**	0.0%	22,817	22,817	22,817	22,815
Diluted	**22,863**	0.1%	22,829	22,830	22,822	22,815
EARNINGS PER SHARE						
Basic	**1.40**	70.4%	0.82	0.65	1.45	1.47
Diluted	**1.39**	70.2%	0.82	0.65	1.45	1.47
Share price at year end	**23.50**	46.9%	16.00	16.00	20.55	18.60
Dividend per share	**1.40**	40.0%	1.00	1.46	2.02	1.47
Dividend return (based on year-end share price)	**6.0%**	(0.3) pts	6.3%	9.1%	9.8%	7.9%

Amounts in € thousands, unless indicated otherwise.

1 Earnings before interest, tax, depreciation and amortization.

2 As of 2012 financial information is presented in line with the new business unit structure. See note 6.5.7.

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Exact values its many trusted relationships within the global investment community and is committed to the highest standards of integrity and fair disclosure.

INVESTOR RELATIONS

Exact aims to ensure that investors have an accurate understanding of the company's performance and prospects, enabling them to determine the fair value of Exact's securities and to make sound and well-informed investment decisions. To this end, we provide the investment community with all the relevant information and ensure that both financial and non-financial information is accurate, consistent and disclosed in a timely manner.

Exact actively maintains contact with the financial community. Interactions with the financial community include investor meetings through (international) roadshows, investor conferences, telephone conferences, webcasts, press releases and investor days. We encourage our current shareholders and potential investors to learn more about Exact's businesses and its strategy aimed at long term profitable growth. In keeping with its ongoing determination to maintain an open dialogue with the financial community, Exact management has appointed a dedicated Director of Investor Relations & Treasury.

MAJOR SHAREHOLDERS AND FREE FLOAT

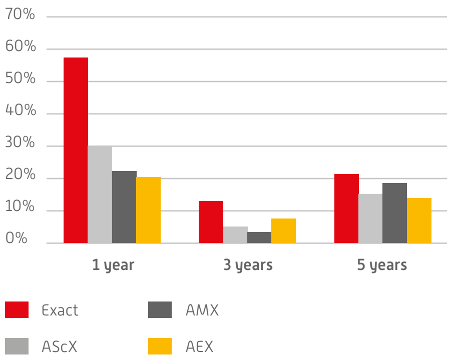
Exact's common stock is listed on NYSE Euronext in Amsterdam and effective March 24, 2014 Exact is included in the NYSE Euronext Amsterdam Mid Cap Index (AMX). The total number of shares outstanding amounted to 22,816,661 shares at the end of 2013. This number excludes 1,583,744 shares that Exact holds in treasury. The free float, measured in accordance with the definition of the exchange, stood at 55% at the end of 2013. Free float is defined as the outstanding capital less shareholdings exceeding 5%, except where such interests are held by collective investment schemes/mutual funds or pension funds. In addition, certain insider holdings (e.g. shares held by directors, employees, founders and family), government holdings and holdings of the company itself (including subsidiaries) are not considered free float, irrespective of the size.

The free float of Exact was stable compared to 2012. At the same time, liquidity, measured in terms of the daily average number of shares traded on the exchange increased 37% to 15,225 shares.

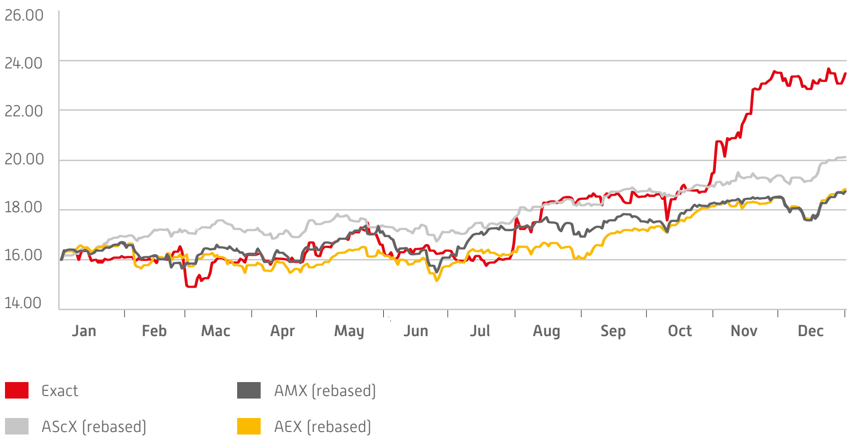
At year-end 2013, approximately 30.6% of the stock was under the control of two founders. The table provides an overview of shareholders holding 5% or more of Exact's issued shares. In geographical terms, Exact shares are primarily owned by investors based in the Netherlands, followed by investors in the UK, the USA and Germany.

Mr A.R. van Nieuwland	15.7%
Mr E. Hagens	14.9%
Delta Lloyd Asset Management	13.7%
Silchester International Investors LLP	9.2%
JANIVO Beleggingen	7.5%
Fidelity Management & Research	5.1%
Exact Holding (treasury shares)	6.5%

Total annual return to shareholders



Exact share price versus NYSE Euronext indices in 2013



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 pay dividends at 100% of net income unless the year-end cash position after deduction of the proposed final dividend is lower than € 40 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.

In line with the dividend policy, Exact will propose that the Annual General Meeting on May 21, 2014 approves a total dividend of € 1.40 per share. Taking into account the interim dividend of € 0.67 per share paid in 2013, the final dividend will amount to € 0.73 per share in cash.

SHARE PRICE AND TOTAL SHAREHOLDER RETURN

Over 2013, Exact stock performed strongly. This gave Exact shareholders a total return of 57% on their investment. The stock appreciated by 47% and the reinvested dividends pay-out in cash provided another 10% return on investment. In 2013, we paid out € 0.56 per share as a final dividend for 2012 and € 0.67 per share as interim dividend for 2013.

FINANCIAL CALENDAR 2014

February 12, 2014	Publication of full-year results for 2013
March 28, 2014	Publication Annual Report 2013
May 9, 2014	Results Q1 2014
May 21, 2014	Annual General Meeting
August 1, 2014	Results Q2 2014
November 5, 2014	Results Q3 2014

Erik van der Meijden, CEO

MESSAGE FROM THE CEO

"Looking back, I am pleased with the progress we made this past year and I believe we are well on track with our strategy for long-term profitable growth. Our growth strategy has already delivered on its promise in its first full year. For the first time in five years, Exact reports growth."

Dear Shareholder,

The software industry is changing at an ever-accelerating pace. Social media, mobile devices, analytics and cloud (SMAC) are together shaping a new software era that offers tremendous opportunities in the field of business computing. With our strategy of 'Growth through focus, innovation and simplicity' we are at the heart of these megatrends, positioning ourselves for long-term profitable growth.

Small and medium-sized businesses are the focal point of our strategy. It is our ambition to help these small and medium-sized businesses to be successful, especially in this period of accelerated change. This creates an enormous opportunity for Exact, as there are millions of small and medium-sized businesses in our chosen markets. We expect this number to increase significantly as a wave of start-up businesses are set to emerge in the coming years. These are businesses that need flexible business software to start their venture and to help them to expand their business quickly and easily in the subsequent stages of their business lifecycle. Our innovative and easy-to-use cloud-based, SaaS and on-premises software solutions help our customers to do business both effectively and efficiently. We strive to enable our customers to surpass their own expectations and keep their business exciting. We help them to turn their vision into reality.

In 2012, we launched the strategy "Growth through focus, innovation and simplicity" to put Exact back on the path of long-term profitable growth. In the past year, with the new Board of Managing Directors, we concentrated on the day-to-day execution and on building the foundations of our strategy. Given the rapid developments in the marketplace, we also kept a close eye on the horizon, to make sure that the direction we chose continues to be the right one.

We established and fully implemented a new business unit structure to align ourselves with the business dynamics in our chosen markets: Cloud Solutions, Business Solutions and the Specialized Solutions' businesses. Each business unit has a distinctive strategy and end-to-end responsibility. This has led to increased transparency and accountability, something that made a real difference in 2013, helping us to focus completely on the execution of our new strategy. As part of our strategy to achieve profitable long-term growth, we are allocating capital and resources to activities and markets we believe will provide the greatest returns. We reinvested the entire cost savings of € 8 million from the restructuring carried out in 2012 in the product development and international rollout of Exact Online. In 2013, we increased our R&D spend to 12.8% of revenues. We intend to increase R&D spending to 15% of annual revenues in the coming years and to maintain that level to drive long-term growth.

Scalability is key in our Cloud Solutions strategy, as we target the volume market. We want every single part of our cloud business to be scalable. Our products, processes and organization are designed in such a way that we can take on high volumes of customers at very low incremental cost, and without any loss of quality. In 2013, we achieved a number of significant milestones in our geographical expansion and product offerings. We developed new software propositions for Exact Online to enter the UK market, the US market and the German market. We opened offices in London, Boston and Frankfurt, each with a dedicated team of experienced people with cloud DNA in their veins. We launched Exact Online in the UK and in the US in the fourth quarter of 2013. In Germany, we went into controlled release at the end of 2013 and launched in the first quarter of 2014.

In addition to our cloud-based accounting software, we offer integrated cloud-based ERP solutions for specific industries. The modular approach allows our customers to choose the software best suited to their business and functionality needs. To address the software needs of larger customers, we developed new cloud-based software solutions with enhanced functionality for each of the industries we target. In 2013, we launched the advanced modules for wholesale distribution and professional services industries. We also started the development of an advanced module for our manufacturing customers. We plan to launch premium versions of all our industry solutions, supporting even larger companies (with up to 100 employees), in 2014 and 2015.

Last year, we entered the self-employed market with Exact Online for self-employed people and start-up entrepreneurs. This entry-level Exact Online enables them to reap the benefits of working in the cloud, in collaboration with their accountant or administration office. We modernized our user interface and design, introduced a number of mobile applications, including a native iPad app and enhanced the functionality of our Android versions. And our partner ecosystem offers our customers an extremely broad suite of complementary software solutions. The Exact App Center already includes more than 50 Exact Online application partners.

In Business Solutions, targeting the value market, we focused on two key value drivers: increasing customer retention and growing our business by winning new customers, specifically in the medium-sized segment (more than 100 employees). We were able to keep customers and reduce attrition by almost 10% in 2013 thanks to the implementation of a number of customer-focused programs. For example, senior managers, including members of Exact's Board of Managing Directors, now have direct customer responsibility through an Executive Customer Sponsorship program. To further strengthen our proposition, we entered into a number of partnerships with software vendors offering complementary functionalities. And a new dedicated business sales team, which is set up to concentrate on winning new customers in the Netherlands, was able to increase the average deal size in 2013. We started a number of new business initiatives with our channel partners, jointly targeting specific industries or functional solutions such as HRM or CRM.

We launched new 'packaging' and delivery models for our traditional software solutions, making them more transparent and easier to buy. Exact will offer these solutions in traditional on-premises or in hosted form, in a license or subscription-based model, according to each customer's preference. The goal for Business Solutions is to increase mobile solutions for all its offerings, giving users constant access to important business information wherever they are, whenever they want it.

Over the past year, most of our immediate attention was directed towards Business Solutions and Cloud Solutions. In Specialized Solutions, each individual business unit focused on achieving a number of goals in their specific markets. As the year progressed, we started to review each of these businesses critically from a strategic point of view. The key element in this evaluation is their fit with the other units, plus their financial performance and longer-term financial projections operating on a stand-alone basis. At this point, we see value in the US manufacturing units (MAX, Macola and JobBOSS), which could support our cloud strategy in the US. We also see

"I BELIEVE WE ARE NOW IN A POSITION TO SERVE OUR CUSTOMERS EVEN MORE EFFECTIVELY, TO HELP THEM GROW, TO HELP THEM MAKE THE NEXT STEP ON THEIR OWN PATH TO GROWTH."

good opportunities for Longview to run its operations on a stand-alone basis, but given its products and target markets it is difficult to see a strong connection with our other business units. The case for Exact Lohn in Germany needs more work and we will continue to review this business. Our aim is to have clarity on each unit in the course of 2014.

Looking back, I am pleased with the progress we made this past year and I believe we are well on track with our strategy for long-term profitable growth. Our growth strategy has already delivered on its promise in its first full year. For the first time in five years, Exact booked growth. On an operational basis and adjusted for Orisoft, which we divested in 2012, total revenues were up 0.3%. Cloud Solutions continued to grow, increasing its business by more than 40% in revenues and 50% in the number of paying companies. Business Solutions is turning the corner, as license sales including monthly subscriptions showed consecutive quarterly growth and it sustained the improvement of 0.9 percentage points in attrition. While making significantly higher investments in our business, we achieved our financial target of € 47.4 million EBITDA, which is within the range we indicated at the beginning of the year. And as a result of the increase in net Income, we can pay out a total dividend of €1.40 per share in cash, an increase of 40% compared to the previous year.

Over 2013, Exact stock performed strongly. This gave Exact shareholders a total return of 57% on their investment. The stock appreciated by 47% and the reinvested dividends pay-out in cash provided another 10% return on investment. We are grateful to the investment community for this trust and confidence in Exact, which in turn led to the stock appreciation. We believe this is due to the recognition that we are taking the right steps to enhance long-term shareholder value. We believe it is important to act in a transparent way, to build and nurture the trust with the investment community. In the past year, we have made a concerted effort to keep our key stakeholders informed on the progress we had made and we will continue to do so going forward. More specifically, we have increased our communication and engagement with the investment community. I would like to thank all of our shareholders for their continued confidence and support.

The past year demanded a lot from our employees. They are the driving force that helps us to turn our strategy of growth through focus, innovation and simplicity into a successful reality. On behalf of the management team, I would like to thank all our employees right across the organization for their commitment and dedication in helping Exact to move forward.

Looking ahead, I believe that 2014 will be an exciting year for Exact. And a positive year, thanks to the continued disciplined execution of our strategy. I expect Cloud Solutions to continue its strong growth and demonstrate commercial traction with Exact Online in the newly entered UK, US and German markets, as well as a successful push into the industry solutions market. And I expect Business Solutions to successfully scale up its target market for new business and further improve on customer loyalty. Notwithstanding a further increase of internally funded investments, our goal for 2014 is to achieve EBITDA at the same level as in 2013. Given our business mix, the markets in which we operate and our strategy, we continue to believe that over time annual organic growth of 4-7% is achievable.

To conclude, we have taken a fair number of concrete steps at Exact over the past year, steps we believe have put us firmly back on the road to sustainable growth. We are still facing some major challenges, as the pace of change is accelerating in many areas. But I believe we are now in a position to serve our customers even more effectively, to help them grow and to help them make the next step on their own path to growth.

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 April 26, 2012 for a four-year term and eligible for reappointment at the Annual General Meeting 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 IT hardware companies.

Mr. O. (Onno) Krap
Nationality: Dutch
Year of birth: 1965

Chief Financial Officer. Appointed at the Extraordinary Annual General Meeting of June 21, 2012 for a four-year term and eligible for reappointment at the Annual General Meeting 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. Appointed at the Annual General Meeting of May 22, 2013 for a four-year term and eligible for reappointment at the Annual General Meeting in 2017.

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. Appointed at the Annual General Meeting of May 22, 2013 for a four-year term and eligible for reappointment at the Annual General Meeting in 2017.

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.

Page 16, from left-to-right: Hartmut Wagner, Marinus ter Laak, Onno Krap, Erik van der Meijden.

1.1 STRATEGY OVERVIEW

Exact is a leading supplier of enterprise resource planning (ERP) and accounting software for small and medium-sized businesses (SMBs). We develop industry-specific software and offer these as on-premises, software-as-a-service (SaaS) and true (multi-tenant) cloud solutions for a wide variety of industries. Innovative solutions such as Exact Globe Next, Exact Online and Exact Synergy Enterprise help our customers to run their business more efficiently and make doing business more exciting.

"Exact's goal is to become a leading provider of accounting and ERP software solutions for SMBs. With our strategy of 'Growth through focus, innovation and simplicity' we are well-positioned for long-term profitable growth."

To achieve long-term profitable growth we launched our strategy "Growth through focus, innovation and simplicity". The words focus, innovation and simplicity act as the guiding principles for doing business in the broadest sense. The first step of our strategy in 2012 was to realign the organization and to reallocate capital and resources to growth areas. In the next step we defined clear direction as well as short and long term goals per business unit. In 2013 we focused on executing and fine tuning our strategy.

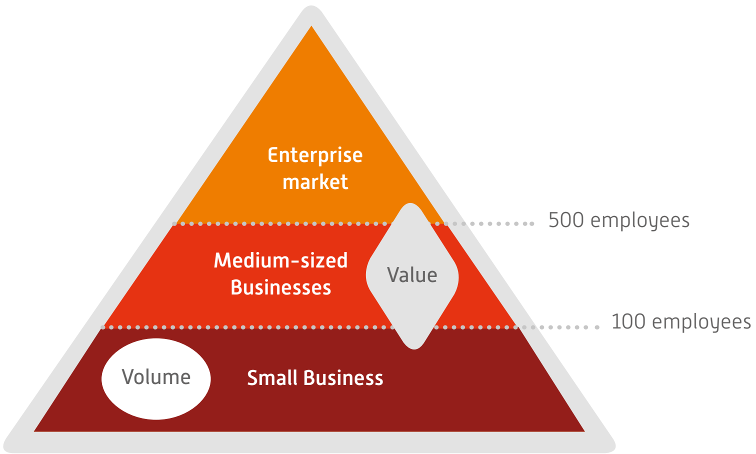
TRENDS IN OUR MARKET

Global technology trends – social, mobile, analytics and cloud - are having a profound impact on the way people and businesses interact and operate. Due to the rapid pace of these changes, organizations are being challenged to truly understand how these developments are impacting the needs of their clients. More than ever before, putting customers at the very center of all our activities will be the key to success.

The adoption of true cloud-based solutions is growing rapidly, as is the demand for subscription-based pricing and hosted offerings. We believe that the cloud solutions market for SMBs will continue to grow considerably, outstripping the growth in traditional on-premises software market in years to come. The adoption of cloud-based solutions is not limited to small companies. Over time the market for accounting and ERP software for medium-sized businesses employing between 100 and 500 employees will also shift from on-premises and SaaS to true (multi-tenant) cloud solutions.

To address another important trend – mobile – software products are now incorporating anytime-anywhere capabilities. Customers want to be able to access their information and systems irrespective of time and place and type of mobile device. Cloud-based software solutions, such as Exact Online, are already aligned with this need, but software companies will also be increasing their efforts to develop mobile features for traditional, on-premises and SaaS products.

With our experience, knowledge and strategy we are well-positioned to provide these solutions to our customers.



OUR TARGET MARKET

SMBs are the focal point of our strategy. We have substantial knowledge of this marketplace. Our employees and partners understand the way SMBs do business and what matters to them in every phase of their business life cycle. We are therefore able to build long term relationships with our customers.

When looking at our target market we distinguish two broad categories: the volume market and the value market. In both of our target markets - volume and value - our approach covers multiple industries, countries and functions. Based on our experience, spanning almost three decades, our solutions are specifically suited for companies in manufacturing, wholesale & distribution, professional services and accountancy.

The Volume Market
In the volume market, we focus on small companies, businesses with up to 100 employees. These SMBs typically have a strong connection with their accountant, have limited in-house IT resources and have a preference for single vendor relationships. The complexity of the business processes of these companies is generally limited. The demand in this segment is for solutions that provide accounting and process automation that are both easy to implement and easy to use. Our cloud-based accounting and ERP solutions provide standardized functionality that can be extended in modules to meet the needs of these customers most effectively: from an Exact Online module with full, but basic functionality, to an advanced and ultimately premium module with rich functionality. Our solutions are based on our true multi-tenant cloud platform Exact Online, with additional functionality offered by third-party solutions available from our App Center.

The Value Market
The value-driven approach concentrates on medium-sized businesses, typically between 50 and 500 employees with more complex business processes. Our highly configurable and customizable solutions take into account the unique complexities of our customers' business, as well as specific industry requirements, and are implemented on-premises or as SaaS in a hosted environment. Our solutions in this segment are delivered through (combinations of) our main product-lines: Exact Globe Next, Exact Synergy, Exact Macola, Exact Max and Exact JobBOSS.

STRATEGIC PILLARS

Exact's goal is to become a leading provider of accounting and ERP software solutions for SMBs. We offer innovative true cloud solutions in the volume market as well as on-premises and SaaS offerings for businesses in the value market.

To grow both market share and share of wallet we defined a number of key initiatives. On the one hand these initiatives position us uniquely against competition to win new customers and on the other hand it increases cross and upsell in the installed base.

The Volume Market
The main differentiator of Exact in this market is the breadth and depth of its Exact Online portfolio. Next to online accounting solutions for entrepreneurs and accountants, we offer integrated ERP solutions for wholesale distribution, manufacturing and professional service companies. It also provides our main partner - the accountant - the opportunity to service customers with needs beyond accounting.

Focusing on providing standardized, innovative and easy to implement and use true cloud solutions to small businesses and accountants with a need for basic process automation. We offer the Exact Online proposition on a subscription basis which provides us a stable, monthly recurring revenue stream. Since the product requires no or limited implementation we derive only a small amount of services revenues.

Our main strategic pillars are:
- International rollout of Exact Online;
- Scale up solution portfolio to target businesses up to 100 employees;
- Expand existing solution portfolio and enhance collaboration between accountants and SMBs;
- Drive user experience and adoption;
- Development of our partner ecosystem and the Exact App Center.

The Value Market
From its start Exact has focused on the SMB segment of the market. Because of shifting demand to true cloud solutions, particularly with smaller companies, we focus our value proposition increasingly on medium sized businesses. We distinguish ourselves from competition with configurable ERP solutions and deep industry knowledge. Delivered to national or international businesses.

The traditional revenue streams in this segment comprise an initial one-time license purchase and recurring maintenance revenues. Exact also receives services revenue related to implementation projects.

Demand for subscription based pricing in combination with infrastructure outsourcing (hosting) is increasing. We offer this as well and we believe it will enhance the value of our existing customer base and it provides Exact a monthly recurring revenue stream replacing initial license and annual maintenance revenues.

For the value market we deliver industry-specific on-premises and SaaS solutions for customers with a need for customized accounting and process streamlining.

Our main strategic pillars are:
- Secure the value from the existing customer base;
- Scale up target market to medium-sized businesses (>100 employees).

OUR ORGANIZATION

To respond successfully to distinct customer needs in these different market segments, Exact has implemented an organizational structure with product business units that carry end to end responsibility for their specific product/market combination. The volume market is served by the business unit Cloud Solutions. Business Solutions and Specialized Solutions are focusing on the value market in various geographies.

R&D STRATEGY

Exact aims to deliver solutions that help its customers to increase their efficiency. We use technology to create those solutions and we continue to investigate the latest technologies to achieve this goal on an ongoing basis. Technological opportunities and challenges are in true cloud, connectivity, mobility and user experience. To execute our strategy successfully, we allocate our key resources and investments to these growth areas. We have substantially increased and continue to increase R&D investments in Exact Online, reflecting the importance of true cloud and user experience, plus trends such as mobility and connectivity.

Because we expect the shift to true cloud solutions to be gradual, we have maintained our investment and will continue to invest in R&D for our on-premises and SaaS solutions. We will focus our investments on mobility and hosted offerings.

R&D determines our long-term competitiveness. We expand our product portfolio through product evolution and innovation. The successful development of our products relies on two key factors: effective product marketing and high-quality research and development.

Product marketing focusses on:
– Increasing competitiveness in our target markets by actively translating customers' needs and market trends into new product features and functionality;
– Taking care of the go-to-market of new functionality within the shortest possible timeframe while maintaining our high quality standards.

Research and development focus on:
– Integrating technological innovations into our products;
– Delivering solutions on time with allocated resources;
– Optimizing output from our resources.

To monitor and control the cycle from strategy to development we have implemented a cross-discipline process with several checks and balances at different levels of the organization.

GOALS

Given our business mix, the markets in which we operate and our strategy, we continue to believe that over time annual organic growth of 4-7% is achievable. We expect Cloud Solutions to increase its revenues by between 30% and 50% per year for the foreseeable future. Supporting the growth strategy we expect to increase our investments in R&D to 15% of revenues in the coming years.

Notwithstanding the higher, internally funded, investments in our growth strategy, our goal for 2014 is to achieve an EBITDA at the same level as in 2013.

1.2 CLOUD SOLUTIONS

Exact Online is the market leader in cloud-based business software for SMBs in the Benelux. Delivering annual revenue growth rates of between 30% and 50% will help Exact transition from being a traditional software company to become a truly cloud-driven business.

Business software for SMBs in the cloud is a fast developing and highly competitive market. It has numerous existing players and new players are entering the market, and all of these invest in the continued development of their products and go-to-market models. The IT user of today expects to be provided with relevant information at the right time and in the right place. Megatrends, such as social, mobile, analytics and cloud, are the main drivers for software vendors' roadmaps today and will continue to be so in the future.

MARKETPLACE AND CUSTOMER NEEDS

SMBs need to be smart in terms of how they make their decisions and how they run their businesses. Working in the cloud provides them with a great opportunity to collaborate more effectively with their trusted partner, the accountant. It allows accountants to make the switch from being a reactive execution partner for SMBs to a proactive business advisor. Cloud-based business software is now having a direct impact on the success of SMBs.

In 2013 we transitioned the Cloud Solutions team from a Benelux-focused organization to a truly international organization. To accomplish this, we put new processes and tools in place to achieve the right balance between the business functions and the country teams. So dedicated R&D, Product Marketing, Business Control and HR are all now an integral part of Cloud Solutions. Last year, we also strengthened the foundations for a long-term scaling business. We started programs to improve the level of automation of our business and to increase the efficiency of our processes. We initiated programs to further increase our understanding of our customers.

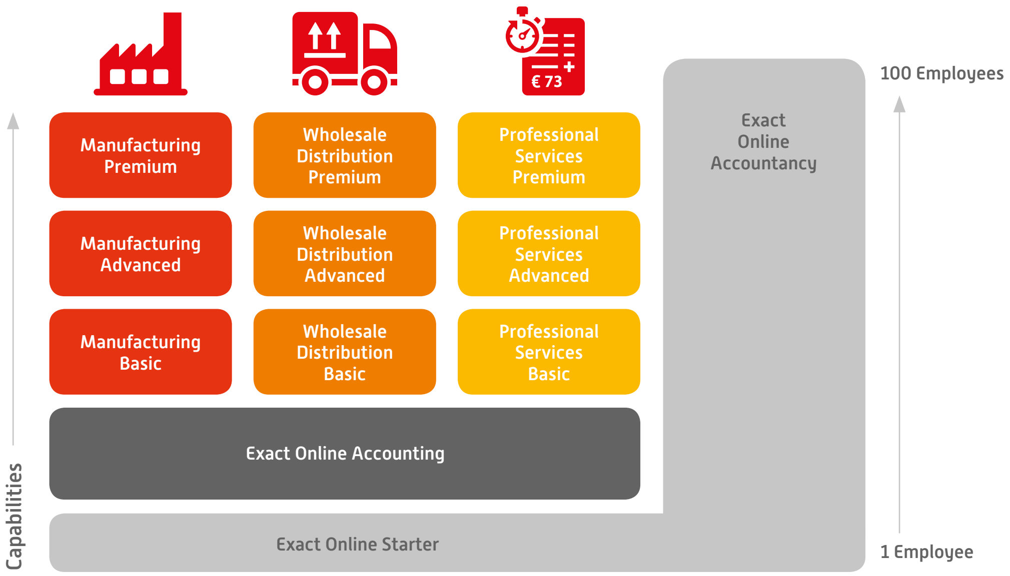
STRATEGY AND OBJECTIVES

Exact Online is the market leader in cloud-based business software for SMBs in the Benelux. Delivering annual revenue growth rates of between 30% and 50% will help Exact transition from being a traditional software company to become a truly cloud-driven business. While part of the growth of Cloud Solutions comes from existing customers migrating from a traditional on-premises solution to Exact Online, our experience is that approximately 80% of the sales of Exact Online is from new customers of Exact. We encourage our customers to explore the potential benefits of working in the cloud and allow them to switch to Exact Online without penalty during the maintenance contract period.

Targeting the volume market, we focus on the following important strategic initiatives:

a) International rollout of Exact Online;
b) Scale up solution portfolio to target businesses up to 100 employees;

From an Exact Online basic module to a premium module with rich functionality.



c) Expand existing solution portfolio and enhance collaboration between accountants and SMBs;
d) Drive user experience and adoption;
e) Development of our partner ecosystem and the Exact App Center.

a) International rollout of Exact Online

To accomplish our goal of building a large and steadily growing recurring business with Cloud Solutions, Exact has expanded its geographical footprint beyond the Benelux region. In 2013, we recruited business teams in London (UK), Boston (US) and Frankfurt (Germany). We launched Exact Online in the UK and the US, and in Germany we entered the controlled release phase for Exact Online in the fourth quarter of 2013.

Exact Online is 'localized' for each of the markets that we enter. In the UK we received accreditation from the accountancy body ICAEW, which ensures that Exact Online meets the requirements of 'Good Accounting Software'.

For the launch of Exact Online in the US, Exact set up a datacenter in Chicago in 2013. Exact Online Wholesale Distribution and Manufacturing have been seamlessly integrated with products from Intuit, Quickbooks Online and Quickbooks Desktop. As an Intuit-certified partner, Exact Online is available from the Intuit App Center.

We continued the international rollout of Exact Online in Germany in the first quarter of 2014. Exact Online received the 'Grundsätze ordnungsmäßiger Buchführung' (GOB) certification prior to launch. This certification assures customers that Exact Online is compliant with the legal principles of adequate and orderly accounting in Germany. We fully embrace the German data protection and data privacy laws and regulations. Exact Online is using a German datacenter, managed by T-Systems, for its Germany-based customers.

In 2014, the business will focus very sharply on the successful ramp-up of its new operations in these countries.

b) Scale up solution portfolio to target businesses up to 100 employees

We see ample opportunity to scale up our solution portfolio to target the 20 – 100 employees segment and released new editions with additional functionality. Next to online accounting and accountancy we offer integrated ERP solutions for wholesale distribution, manufacturing and professional services companies.

Our accounting and ERP solutions provide standardized functionality that can be extended in modules to meet the needs of these customers most effectively: from an Exact Online basic module with limited functionality, to an advanced and ultimately premium module with rich functionality.

Wholesale Distribution
Exact Online Wholesale Distribution is a comprehensive solution that links financial administration and logistics seamlessly: from purchases and stock levels to sales and relationship management.

In the Wholesale Distribution, Exact now offers an advanced module in addition to the basic module. The advanced module for Wholesale Distribution provides functionality for companies with more sophisticated logistical requirements, such as serial-batch, multi-warehouse and assembly.

Professional Services
Exact Online Professional Services helps SMBs to register hours and costs easily and enables them to send invoices quickly and correctly. Registration, invoicing, CRM and administration are seamlessly integrated which gives a clear understanding of each project's profitability.

In the Professional Services Automation (PSA) segment, Exact now also offers an advanced module in addition to the basic module. The advanced module includes functionality for project management, capacity planning and resource allocation.

Manufacturing
Exact Online Manufacturing is a complete online software solution specially designed for small production companies in industries such as metalworking, woodworking, plastic processing, machine building and printing. It enables our customers to easily automate their primary production processes, giving real time insight into all production processes, with a direct link to the account.

In 2014, we will continue to expand our product suite and add new functionalities to our industry solutions.

c) Expand existing solution portfolio and enhance collaboration between accountants and SMBs
Exact Online Accountancy reduces the administrative burden for accountants and enables them to provide their customers with value-adding services. While accountants have full auditing control, their clients have access to up-to-date information at any given moment. In 2013, we launched Exact Online Starter for the self-employed and micro businesses. Exact Online Starter is an entry-level solution for entrepreneurs who want to outsource the majority of their bookkeeping to their accountancy firm, but also want accurate insight into their numbers at any given moment. In addition, Exact Online Starter enables entrepreneurs to invoice customers and upload supplier invoices. We made further improvements in the area of continuous monitoring, enabling accountants to become more proactive and offer extra services, and introduced various overviews to monitor the usage of companies more efficiently. We have also launched a new online accountancy center, where entrepreneurs can search for and select an accountant who suits their business needs.

To strengthen our position in the accountancy channel in 2014, Exact will further optimize its onboarding program and the integration with software solutions from our accountancy partners.

d) Drive user experience and adoption
Exact is committed to optimizing user experience for our customers. We have made user experience a strategic discipline and combined former functions such as Consulting, Onboarding and Support into a new Customer Success organization in Cloud Solutions. This new organization will proactively and constantly reach out to customers throughout their entire customer lifecycle.

"EXACT WILL CONTINUE TO FOCUS ON USER EXPERIENCE AND TAKE THE 'GETTING STARTED' AND NAVIGATION OF EXACT ONLINE TO THE NEXT LEVEL."

In 2013, we launched a new visual design for Exact Online, which has been very well received by our customers. And we launched My Exact Online, giving customers one-stop access to all the information on their subscriptions, the company and the user(s), making it easier to access and update information. The enhancements Exact has added to activity notifications and 'drag & drop' functionality for documents are just a few examples of how we are driving – and improving - the Exact Online user experience.

In the mobile space, following our launch of apps for iPhone and Android, Exact launched a native app for the iPad, giving entrepreneurs and their accountants accurate insight anytime and anywhere. The iPad app is also a key part of our new Exact Online Starter solution.

At the end of 2012, Exact introduced Customer Relationship Management (CRM) functionality as a key differentiator in our solutions. In 2013, we extended support for CRM via mobile devices, providing constant access to customer and contact data, including activities and opportunities on-the-go, as well as a mobile invoicing app for Android.
In 2014, Exact will continue to focus on user experience and will take the 'getting started' and navigation of Exact Online to the next level. We will also improve the key parts of our accounting product, making it even more intuitive. We expect this to lead to a higher conversion from trial users to paying customers.

e) Development of our ecosystem and the Exact App Center

In 2013, Exact appointed a dedicated Ecosystem & App Center team, underlining its strategy of leveraging its products and organization through partnerships. This team will realize integration with leading software companies in targeted industries, resulting in new apps for the Exact App Center. They will also initiate the creation of an effective network of consultancies and distribution channels. The launch of Exact Online's industry solutions in the US via Intuit Quickbooks' app center is the first step in exploring and monitoring third-party app stores as potential distribution channels for Exact Online.

Last year, the Exact App Center doubled the number of apps offered, from 20 to more than 50. The development of application program interfaces (APIs) has contributed to a significant increase in interest from pure SaaS application vendors seeking to integrate their solutions with Exact Online.

1.3 BUSINESS SOLUTIONS

With our experience, spanning almost three decades, we understand the importance to adapt to a changing environment. Business Solution reflects those changes in its SaaS solutions, mobile functionality and pricing models.

Global technology trends are changing customer needs and requirements in the value market targeted by Business Solutions. Companies are increasingly looking for IT and software solutions that offer a high level of flexibility, exploring cloud and hosted solutions as alternatives to traditional on premise installations.

MARKETPLACE AND CUSTOMER NEEDS

At the lower end of our traditional target market, we have noted that the appetite for major investments, including those in IT, has been falling. This in turn has created greater demand for pricing models, such as new subscription-based pricing agreements.

We're committed to showing our customers that we understand how their needs are changing. We connect actively with them, tailoring our propositions to serve their needs as a effectively as possible. We launched new 'packaging' and pricing delivery models for our traditional software solutions, making them more transparent and easier to buy. The core product lines, Exact Globe Next, Exact Synergy and Exact Financials, focus on helping mid-sized local and international companies to create greater value from their business processes. In addition to integrated financial, CRM and HRM functionality, our solutions also include a broad portfolio of industry-specific functionality for our key vertical markets - wholesale distribution, manufacturing and professional services - and support multi-site cross-border operations within one IT system. Exact will increase mobile functionality for all its solutions, giving users constant access to important business information anytime and anyplace.

Available as on-premises and innovative hosted solutions, they can be purchased on a traditional license or monthly subscription basis. Thanks to this flexibility and good fit with a wide range of companies with between 50 and 500 employees, Exact is the market leader in the SMB segment in Belgium and the Netherlands and has significant presence in over 16 countries worldwide.

STRATEGY AND OBJECTIVES

In line with Exact's strategy for profitable growth, Business Solutions will pursue development in two directions:

a) secure the value from existing customer-base, and
b) scale up target market to medium-sized businesses.

a) secure the value from existing customer-base

Maximizing customer loyalty and securing customer retention are key value drivers for Business Solutions. This is reflected in an improved attrition rate having a positive effect on maintenance and support revenues. It is also an important driver for license revenues as currently more than 75% of license revenues comes from our existing customer base.

To better understand and align with our customers, we implemented a segmented account management organization to increase contact frequency and customer intimacy. This includes an executive sponsorship program for our biggest customers.

We are committed to offering best-in-class service - whether through expert customer support, training or consultancy services. This includes ensuring our customers experience a smooth transition to SEPA, with Globe Next ready in advance of February 2014.

Changes to our products are designed to increase customer value and our product roadmaps developed in close consultation with our users and industry experts. These changes include a strongly improved user interface, market leading mobile functionality and multi browser support for Exact Synergy.

b) scale up target market to medium-sized businesses (>100 employees)

Business Solutions is committed to realizing the potential of its core products higher up in the market. The New Business sales team was strengthened with experienced sales executives in our target markets, and trained in a standardized sales methodology appropriate to larger prospects. Our ability to provide a strong fit with the needs of larger businesses was underlined by major deals in the Netherlands, and multi-site international deals across Europe and Asia. We are proud to be the software vendor of choice of companies such as Kramp Group, LOI and SNT.

Significant attention has also been given to our reseller network, helping us to benefit further from this rich ecosystem of expert business partners. With a new management structure in place, renewed focus on niche expertise, clearer definitions of target markets, joint business planning and access to Exact's central marketing resources, our resellers have been re-energized for 2014.

An ongoing commitment to innovation is also a key component. Our software will continue to be developed in line with the challenges experienced by businesses in our target markets, with particular focus on mobile applications to deliver the freedom and flexibility new users demand.

We are committed to increasing the scope of our offerings for larger businesses, engaging in several new strategic partnerships in 2013. In line with increasing demand for new delivery models we signed Service Provider Licensing Agreements (SPLA) with our hosting partner Parentix and with Pink Elephant, enabling us to further position hosting and private cloud solutions. Leading business intelligence provider Qlikview is a further example, stimulated by market demand for integrated business analytics. The discovery platform is now available in a combined package with our software. Depending on customer requirements, we will continue to explore and expand the number of partnerships in the year ahead.

INDUSTRIES IN FOCUS

We pay close attention to trends in the industries we specifically focus on - wholesale distribution, professional services and manufacturing – and devote a great deal of effort into delivering solutions and product enhancements that meet our customers' business requirements and exceed their expectations.

Wholesale Distribution

With our Wholesale Distribution customers in mind, in 2013 we launched WMS Lite, an easy-to-use Warehouse Management System, enabling wholesale distributors to focus on their core challenges, improving the quality and efficiency of their operation. Our full WMS suite was further enhanced to support lean management. With our partner Outperform we launched a solution for forecasting and sales & operations planning. With our partner Optimizers we introduced a solution for electronic data interchange (EDI) that improves supply chain visibility by automating data exchange. Our commitment to delivering mobile solutions saw the CRM app launched and we continued to invest in our Service Management solution with a Field Service app for iPad. Customers in this segment include Kramp Group and Pinewoord Iskandar Malaysia Studios.

Professional Services
We also enhanced our professional services solution last year, focusing strongly on feedback from our existing customers. Improvements included a revamped work breakdown structure, enabling project managers to gain better project control and increase efficiency in an increasingly competitive market. Rising pressure on prices and margins demands greater efficiency and productivity from service providers. This has made integrated project management and administration a valuable asset. Our solution is helping businesses such as Notubizz and Sky Facilities Management.

Manufacturing
To facilitate the needs of manufacturing companies, we launched Shop Floor Control in 2013. This solution combines visual planning and real-time progress monitoring, making it extremely easy for manufacturing companies to respond quickly to changing market demands. It also helps our customers to become more lean by streamlining their businesses. Furthermore, we now fully support KanBan orders in manufacturing, allowing employees on the shop floor to immediately create production orders based on signaled needs. Exact entered into a strategic relationship with Preactor, a provider of extensive manufacturing planning systems that can further our support for manufacturers. Thanks to this and other initiatives, we have enriched our manufacturing customer base, adding companies such as Beijing Minghang Institute for Technology and PC Henderson.

LOOKING TO THE FUTURE

Moving forwards, we will continue to develop our focus on attracting larger businesses and developing long term, mutually rewarding relationships with our customers.

Building on the successes of 2013, we will continue to invest in our sales capabilities, further expanding the sales team and enriching our product offerings to meet requirements higher in the market. With social, mobility, analytics and cloud (SMAC) the key trends in 2014, Business Solution will focus resources on the QlikView proposition, accelerating app development and actively marketing our innovative hosted offerings to our international markets.

We will also leverage our extensive reference program more intensively, develop new pricing and delivery models in tune with an evolving market space, and further expand our partner network. Together, these initiatives will empower our propositions and distribution strategy to drive new business.

Our existing customers will benefit from a number of strategic initiatives. These include a customer life cycle management program - a structured approach ensuring customers feel valued and want to invest actively in our relationship. This commitment to exceeding customer expectations is a significant step on our journey toward being a truly customer-centric organization, along with a commitment to recruiting and retaining the most talented people in our industry.

1.4 SPECIALIZED SOLUTIONS

Specialized Solutions comprises five individual business units. Each of these units targets specific niche markets and operates fairly autonomously. Their focus is on securing the value from their existing customers base and on capturing further growth.

Exact Macola, Exact JobBOSS and Exact MAX are based in the US and they 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.

Germany-based Exact Lohn develops payroll solutions for the German market. Longview, which is based in Canada, delivers enterprise corporate performance management (CPM) and tax solutions to support the world's largest companies and is currently the only vendor that addresses every component of the financial close.

STRATEGY

During 2013 we started to review each of these businesses critically from a strategic point of view. The key element in this evaluation is their fit with the other units, plus their financial performance and longer-term financial projections operating on a stand-alone basis.

At this point, we see value in the US manufacturing units (MAX, Macola and JobBOSS), which could support our cloud strategy in the US. We also see good opportunities for Longview to run its operations on a stand-alone basis, but given its products and target markets it is difficult to see a strong connection with our other business units. The case for Exact Lohn in Germany needs more work and we will continue to review this business. Our aim is to have clarity on each unit in the course of 2014.

EXACT MACOLA

Exact Macola is a leading supplier of business software and provides a full range of ERP solutions for small and medium-sized businesses. The company has been serving entrepreneurial organizations with comprehensive, reliable and innovative software solutions since 1971. Exact Macola has one of the most loyal customer bases and partner communities in the industry.

In 2013, Exact Macola hired a new General Manager and recruited a new leadership team to realign the organization for success and to drive a new business culture focused on customer intimacy. The organization is revitalizing its brand recognition, launching a channel-centric partner sales model and driving innovation.

EXACT JOBBOSS

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

In 2013, JobBOSS released the first phase of a multi-year roadmap to deliver JobBOSS capabilities via mobile devices. And the company launched two integrations to complementary industry-leading solutions. The first is 1EDISource, a leading on-premises EDI solution, while the second is uniPoint, the leading Quality Management solution for job shops.

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 2013, Exact focused its development efforts on improving the core functionality of MAX. We released a new version with significant costing improvements and smoother multi-currency operation in the new QuickBooks integration. On top of this, we improved our entire system, adding more than 30 customer-requested enhancements. We also held three successful User Seminars in San Francisco, Chicago and Boston, where we received enthusiastic feedback on the previews of our new MAX Anywhere (mobile) functionality, set to be launched in early 2014.

EXACT LOHN

Exact Lohn, which is active in the German market, provides payroll solutions ranging from products to full business process outsourcing (BPO) solutions. 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 was given a 91 percent customer satisfaction rating in 2013, making it one of the highest customer satisfaction-rated products in the German payroll market. As in 2012, the growth of Exact Lohn was again largely driven by our solution for payroll outsourcing. Exact is among the top five providers of payroll solutions for medium-sized businesses in Germany.

"WE RELEASED A NEW VERSION WITH SIGNIFICANT COSTING IMPROVEMENTS AND SMOOTHER MULTI-CURRENCY OPERATION IN THE NEW QUICKBOOKS INTEGRATION."

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 2013, the tax offering continued to show growth, as the market recognized that larger companies also need solutions that address both tax provisioning and reporting. In response to the growing importance of tax provisioning in the market, leading industry analyst firm Gartner added 'tax provisioning' to its formal definition for CPM Suites to the 'Magic Quadrant for Corporate Performance Management Suites' in a report published on February 14, 2013. Market momentum for tax provisioning functionality in the CPM suite is strong. Since Longview is the only solution in the market that covers both CPM and tax, this led to a significant number of deals.

Exact firmly believes that both customer experience and satisfaction are critical success factors in every Longview implementation, and Longview's commitment in this area continues to result in high ratings from our customers.

Longview Solutions received outstanding scores for overall customer satisfaction and vendor experience in a report published by Gartner in June 2013 entitled "User Survey Analysis: Customers Rate Their CPM Vendors, 2012". Longview was also named a 'Hot vendor' in Ventana's 2013 Value Index, reflecting Longview's high value to buyers. This is based on Ventana's assessment in the areas of product competencies and customer assurance, including total cost of ownership and return on investment, plus validation.

1.5 FINANCIALS

Financial Highlights

	2013	2012	%	% Operational[1]
Cloud Solutions	**20,658**	14,720	40.3	40.3
Business Solutions	**114,863**	119,782	(4.1)	(3.6)
Specialized Solutions[2]	**77,660**	82,586	(6.0)	(3.1)
Total revenue	**213,181**	**217,088**	**(1.8)**	**(0.4)**
OPEX excluding D&A	**165,828**	174,978	(5.2)	(3.5)
EBITDA	**47,353**	**42,110**	**12.5**	**12.2**
EBITDA margin %	**22.2%**	19.4%	2.8 pts	-
Depreciation and amortization	**9,598**	11,558	(17.0)	(16.4)
EBIT	**37,755**	**30,552**	**23.6**	**23.0**
EBIT margin %	**17.7%**	14.1%	3.6 pts	-
Net finance (income) / expenses	**(207)**	767	(127.0)	(126.9)
Income tax expense	**6,119**	11,102	(44.9)	(46.0)
Net income	**31,843**	**18,683**	**70.4**	**74.3**
EPS (in €)	**1.40**	0.82	-	-

Amounts in € thousands, unless indicated otherwise.

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

2 2012 revenues from Orisoft are reported under Specialized Solutions (€1,550k -2012)

SOLID PERFORMANCE; FULL YEAR EBITDA WITHIN GUIDANCE

- Total revenues in 2013 amounted to € 213.2 million. On operational basis and adjusted for the divestment of Orisoft in 2012, total revenues increased 0.3% compared to 2012.
- EBITDA amounted to € 47.4 million in 2013. EBITDA increased 12.5% compared to 2012, primarily reflecting the one-time restructuring charge in 2012.
- Net income increased 70.4% to € 31.8 million in 2013, driven by a higher EBITDA and lower effective tax rate.
- Exact proposes a final dividend of € 0.73 per share to be paid in cash; bringing the total dividend for 2013 to € 1.40 per share, compared to € 1.00 per share in 2012.

2013 was a successful year for Exact. Already in its first full year, our strategy 'Growth through focus, innovation and simplicity' delivered on its promise: Exact is turning to growth. Our Cloud Solutions business maintained momentum throughout the year and continued to grow very strongly in the Benelux market. Exact Online grew its client base significantly, adding 48,460 paying companies to a total of 145,852 at the end of the year. We achieved important milestones in the international expansion and product development of Exact Online from which we expect commercial traction in 2014.

Exact has clear indications that Business Solutions is turning the corner. License revenues, including subscription-based sales, show consecutive quarterly growth and our efforts to enhance customers' satisfaction is paying off in sustained improvement of attrition in Business Solutions.

Specialized Solutions results were mixed but overall did not meet our expectations. We started a review of each of the business units of Specialized Solutions. The key element in this evaluation is their fit with the other units, plus their financial performance and longer-term financial projections operating on a stand-alone basis. Our aim is to have clarity on each unit in the course of 2014.

REVENUES

Total revenue on a reported basis decreased by 1.8% to € 213.2 million (2012: € 217.1 million). Currency effects had a negative impact of 1.4%, mainly due to a weaker US Dollar. Revenue on an operational basis was 0.4% lower than in 2012. Adjusted for last year's revenues of Orisoft, the increase on an operational basis is 0.3% in 2013. The underlying increase in operational revenue is driven by the 40.3% increase in Cloud Solutions.

ONE-TIME CHARGES

Exact's 2013 results were not impacted by one-time charges, but the comparative 2012 figures include € 14.1 million one-time charges. We are highlighting these one-time charges to provide additional insight into the quality of our earnings. The restructuring program carried out in 2012 included expenses in the amount of € 7.0 million and are mainly due to severance payments (€ 5.5 million), consultancy charges (€ 1.1 million) and leasehold expenses (€ 0.4 million).

Additionally, Orisoft was divested on October 9 for an amount of € 1.2 million. Prior to the divestment, we recognized a € 2.2 million impairment on the assets of Orisoft to the expected sales price, with € 0.2 million of this recognized in operating expenses. 2012 EBITDA was impacted negatively for € 8.6 million due to one-time charges. Impact on 2012 EBIT was € 10.6 million.

Finance results in 2012 were impacted negatively by one-time charges. The negative impact was driven by a € 1.6 million cash flow hedge that was reclassified to the profit and loss, which was partly offset by positive currency effects of € 0.9 million from the divestment of Orisoft and the liquidation of certain foreign operations. Impact of the one-time charges on the profit before tax is € 11.3 million.

In 2012, our tax rate was impacted negatively for € 2.8 million as a result of several one-time charges. The one-time charges had a total negative impact of € 14.1 million on net income in 2012 versus nil in 2013.

OPERATING EXPENSES

Full year operating expenses amounted to € 165.8 million, a decline of 5.2% on a reported basis. On an operational basis and adjusted for the sale of Orisoft in 2012, full year operating expenses declined 2.2%. This decline of 2.2% in operating expenses reflects the restructuring and other charges (€ 8.6 million) taken last year. The underlying increase of € 3.9 million in operating expenses is driven primarily by investments related to the international expansion of Cloud Solutions and development of Exact Online.

Research and development expenses increased by 3.4% to €27.3 million in 2013. Full year R&D expenses represent 12.8% of reported revenues, compared to 12.2% in 2012. The increase is primarily driven by R&D expenses for the development of Exact Online. In 2013, capitalization of R&D expenses amounted to € 8.0 million, an increase of € 4.0 million compared to the prior year.

CLOUD SOLUTIONS CONTINUED TO REPORT STRONG SUBSCRIPTION-BASED REVENUE GROWTH

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA)

Full year EBITDA amounted to € 47.4 million, an increase of 12.5% compared to € 42.1 million last year. Last year's EBITDA includes one-time charges amounting to € 8.6 million.

EARNINGS BEFORE INTEREST AND TAX (EBIT)

Depreciation and amortization amounted to € 9.6 million, a decrease of 17% compared to the prior year. Reported EBIT increased by 23.6% to € 37.8 million in 2013. EBIT in 2012 included one-time charges for an amount of € 10.6 million, reflecting primarily restructuring and other charges and the impairment of Orisoft.

INTEREST AND TAX

Total finance income and expenses for 2013 amounted to an income of € 0.2 million compared to an expense of € 0.8 in 2012, which included one-time charges in the amount of € 0.7 million. The effective tax rate decreased from 37.3% in 2012 to 16.1% in 2013. 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. In 2013, application of the Dutch innovation tax facilities and tax exempt income were the predominant factors contributing to a lower effective tax rate than the statutory rate of 25%.

NET INCOME, EARNINGS PER SHARE AND DIVIDEND

Net income attributable to shareholders amounted to € 31.8 million an increase of 70.4% compared to € 18.7 million in 2012. The significant increase reflects primarily the higher earnings from our businesses and the lower effective tax rate compared to the previous year.

Earnings per share (EPS) amount to € 1.40 compared to € 0.82 in 2012. Exact will propose a full year dividend of € 1.40, which is in line with the dividend policy to pay dividends at 100% of net income unless the year-end cash position after deduction of the proposed final dividend is lower than € 40 million or in the event of significant acquisitions. Taking into account the interim dividend of € 0.67 per share, the proposed final dividend is € 0.73 per share to be paid in cash. The dividend will be payable to holders of ordinary shares on May 28, 2014 close of business. The shares will go ex-dividend on May 23, 2013.

CASH FLOWS

The cash position amounted to € 64.0 million at the end of 2013. The increase in the cash balance was driven by profit before tax of € 38.0 million, proceeds from vendor loans for € 2.0 million and a continued focus on credit collection which led to a € 1.9 million reduction in accounts receivable. The average number of days sales outstanding improved to 38.7 from 44.3 in the prior year. The reduction in account receivables and days sales outstanding is driven by a more effective credit collection process of regional credit collection teams.

Net cash from operating activities in 2013 increased by € 2.4 million compared to 2012. Profit before tax increased by € 8.2 million in 2013 compared to 2012, however, the comparative period included significant non-cash charges including the impairment of Orisoft for € 2.2 million, the recycling of a cash flow hedge for € 1.6 million and the changes in the provisions and the changes in provisions for € 4.3 million. The increase in the cash generated from operating activities is driven by improvements in working capital, mainly by a reduction of trade receivables. Net cash used in investment activities in 2013 increased by € 2.0 million compared to 2012, driven by increased R&D investments of € 4.0 million, which were partly offset by increased proceeds from vendor loans in the amount of € 2.0 million. Net cash used in financing activities in 2013 decreased by € 1.4 million compared to 2012. In 2013, dividends were paid in the amount of € 28.1 million compared to € 29.9 million in 2012.

SEGMENTAL INFORMATION

As of 2013, Exact presents its segment reporting in line with the new business unit structure, including Cloud Solutions and Business Solutions, as the organization was transformed from a geographical matrix organization, into an organization with end-to-end business units. Furthermore, the allocation methodology for Global functions expenses was revised to realize an improved alignment with the actual usage by the business units. The comparative information for 2012 has been restated.

The sum of the EBITDA's in 2013 reconciles to the consolidated EBITDA if an amount of € (7.9) million (2012: € (15.3) million) for Corporate functions is taken into account. These amounts were not allocated to the specific segments.

CLOUD SOLUTIONS

Cloud Solutions continued to report strong subscription-based revenue growth. Total revenues, including services revenues, for Cloud Solutions increased 40.3% to € 20.7 million in 2013, driven primarily by growth in Accountancy Solutions and Industry Solutions. Annualized recurring revenues from Exact Online amounted to € 24.0 million at year-end.

The number of paying companies using Exact Online increased to a total of 145,852, a 49.8% increase from 97,392 at the end of 2012. In the UK and the US the controlled release of Exact Online was successfully completed and the product is commercially available in the market. The initial results are in line with our expectation and we are sharply focused on getting commercial traction in these markets. In Germany we started the controlled release of Exact Online and plan commercial launch in the first quarter of 2014.

Cloud Solutions

	2013	2012	%	% Operational
Online	**20,382**	14,224	43.3	43.3
Service	**276**	496	(44.4)	(44.4)
Total revenue	**20,658**	**14,720**	**40.3**	**40.3**
OPEX	**32,370**	20,036	61.6	62.1
EBITDA	**(11,712)**	**(5,316)**	**(220.3)%**	**-**
EBITDA margin %	**(56.7)%**	(36.1)%	(20.6) pts	-
Depreciation and amortization	**1,752**	1,352	29.6	29.6
EBIT	**(13,464)**	**(6,668)**	**(210.9)%**	**-**
EBIT margin %	**(65.2)%**	(45.3)%	(19.9) pts	-

Amounts in € thousands, unless indicated otherwise.

BUSINESS SOLUTIONS

In 2013, total revenues amounted to € 114.9 million compared to € 119.8 million in 2012. On an operational basis total revenues for Business Solutions declined by 3.6%, reflecting the impact of the restructuring in the second half of 2012. License revenues on an operational basis showed consecutive quarterly growth in the second half of 2013, compared to the same quarters last year: 0.5% in Q3 and 1.7% in Q4. This partly compensated the decline in the first half of 2013.

Overall, license revenues declined 6.1% on an operational basis in 2013. Business Solutions experienced an increase in subscription based sales. In 2013 subscription based revenues increased to € 0.3 million from almost nil in 2012, which represent an equivalent value of € 1.0 million license revenues (or 5.3% of license revenues). This would substantially offset the decrease of license revenues in 2013.

We receive positive response from our strategy to target larger companies (>100 employees segment) with our deep industry knowledge. The value of new deals has risen considerably. The direct sales team in the Netherlands increased the average deal size to € 15 thousand in 2013 from € 8 thousand in 2012.

Maintenance & support revenues declined 3.6% to € 83.2 million in 2013. The decrease in maintenance & support revenues is driven by lower license sales, migration to Exact Online, discontinuation of DOS-based products as well as normal attrition. Actions aimed to retain our existing customers are successful with sustained improvements in attrition.
Full year services revenues amounted to € 12.0 million in 2013, a decrease of 3.0% compared to the prior year driven by lower license sales.

Business Solutions

	2013	2012	%	% Operational
License	**19,669**	21,079	(6.7)	(6.1)
Maintenance	**83,221**	86,361	(3.6)	(3.2)
Service	**11,973**	12,342	(3.0)	(2.2)
Total revenue	**114,863**	**119,782**	**(4.1)**	**(3.6)**
OPEX	**61,672**	72,430	(14.9)	(14.3)
EBITDA	**53,191**	**47,352**	**12.3**	**12.6**
EBITDA margin	**46.3%**	39.5%	6.8 pts	-
Depreciation and amortization	**3,646**	3,907	(6.7)	(6.7)
EBIT	**49,545**	**43,445**	**14.0**	**14.3**
EBIT margin %	**43.1%**	36.3%	6.8 pts	-

Amounts in € thousands, unless indicated otherwise.

SPECIALIZED SOLUTIONS

Total revenues on a reported basis for Specialized Solutions fell by 6.0% to € 77.7 million in 2013. Adjusted for the sale of Orisoft in 2012, operational revenues decreased 1.3%.

Reported revenue for the Americas decreased by 6.0% to € 45.4 million, from € 48.4 million (operational basis: (3.0)%). The operational decrease materialized in all three America's operating segments. License revenue on a reported basis was 12.0% lower at € 9.1 million, compared with € 10.4 million (operational basis: (9.2)%).

This was driven by weak economic circumstances in markets in which our US companies operate. Maintenance revenue on a reported basis decreased by 3.3% to € 26.4 million from € 27.3 million (operational basis: (0.1)%). Almost the complete decrease in maintenance revenues is due to adverse currency effects triggered by the weaker US Dollar. Underlying we saw a decrease in Exact Macola maintenance revenues of 3.7% on an operational basis, which was offset by an increase in maintenance revenues in JobBOSS of 8.1%. Service revenue on a reported basis was down by 7.2% at € 9.9 million, from € 10.7 million (operational basis: (4.2)%). The decrease on an operational basis was mainly due to fewer license deals across all three operating segments.

Reported operating expenses decreased by 2.4% to € 32.3 million, from € 33.2 million (operational basis: 0.2%). Almost the complete decrease in operating expenses is due to adverse currency effects triggered by the weaker US Dollar. Reported EBITDA fell by 13,9% to € 13.1 million (operational basis: (10.0)%). The decline in operational revenue was driven by the decline in license and service revenues.

Specialized Solutions
AMERICAS

	2013	2012	%	% Operational
License	**9,141**	10,382	(12.0)	(9.2)
Maintenance	**26,374**	27,278	(3.3)	(0.1)
Service	**9,924**	10,692	(7.2)	(4.2)
Total revenue	**45,439**	**48,352**	**(6.0)**	**(3.0)**
OPEX	**32,347**	33,150	(2.4)	0.2
EBITDA	**13,092**	**15,202**	**(13.9)**	**(10.0)**
EBITDA margin	**28.8%**	31.4%	(2.6) pts	-
Depreciation and amortization	**821**	914	(10.2)	(8.4)
EBIT	**12,271**	**14,288**	**(14.1)**	**(10.1)**
EBIT margin %	**27.0%**	29.5%	(2.5) pts	-

Amounts in € thousands, unless indicated otherwise.

Longview

Longview's revenues for 2013 decreased by 2.8% to € 20.7 million from € 21.3 million in the prior year. On an operational basis total revenues increased by 1.2%. The increase in operational revenues was driven by higher licenses and higher maintenance revenues. License sales improved as Longview continued to record solid growth of sales intake for the tax solutions. The increase in license revenues is a modest 2.6% following a shift to subscription-based solutions, which has revenues recognized gradually over the duration of the contract.

Subscription-based revenue amounted to € 0.3 million in 2013 compared to almost nil in 2012. The license revenue equivalent of subscription-based sales in 2013, amounts to € 1.6 million license revenue, compared to € 0.2 million in 2012.

Longview's operating expenses decreased by 8.2% to € 21.0 million from € 22.9 million. On an operational basis decreased by 4.7%. The decrease in costs is driven by an increase in the capitalized R&D in the amount of € 0.8 million and a decrease in other operating expenses, mainly travel expenses, of € 0.4 million.

LONGVIEW

	2013	2012	%	% Operational
License	**3,799**	3,862	(1.6)	2.6
Maintenance	**7,554**	7,535	0.3	4.4
Service	**9,372**	9,929	(5.6)	(1.8)
Total revenue	**20,725**	**21,326**	**(2.8)**	**1.2**
OPEX	**20,977**	22,850	(8.2)	(4.7)
EBITDA	**(252)**	**(1,524)**	**(83.5)**	**(83.5)**
EBITDA margin	**(1.2)%**	(7.1)%	5.9 pts	-
Depreciation and amortization	**3,363**	3,218	4.5	4.9
EBIT	**(3,615)**	**(4,742)**	**(23.8)**	**(23.6)**
EBIT margin %	**(17.4)%**	(22.2)%	4.8 pts	-

Amounts in € thousands, unless indicated otherwise.

Lohn
Total reported revenue for Exact Lohn increased by 1.2% on a reported basis to € 11.5 million, from € 11.4 million (operational basis: 1.2%). The revenue growth resulted from the next generation Exact Lohn proposition that was launched in the second quarter of 2013. The initiatives aimed at hosted solutions and BPO (outsourced payroll services) are gaining traction and are expected to grow further in the near future.

Reported operating expenses increased by 8.8% to € 10.6 million, from € 9.7 million (operational basis: 8.8%). Operating expenses on an operational basis increased on account of additional expenditures primarily in personnel expenses and marketing & sales. Reported EBITDA fell 44.1% to € 0.9 million (operational basis:(44.1)%), due to the additional expenditures in the company.

OUTLOOK 2014

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

Notwithstanding the higher, internally funded, investments in our growth strategy, our goal for 2014 is to achieve an EBITDA at the same level as in 2013.

LOHN (PREVIOUSLY 'OTHER')[1]

	2013	2012	%	% Operational
License	**1,288**	1,248	3.2	3.2
Maintenance	**6,969**	7,043	(1.1)	(1.1)
Service	**3,239**	3,068	5.6	5.6
Total revenue	**11,496**	**11,359**	**1.2**	**1.2**
OPEX	**10,581**	9,722	8.8	8.8
EBITDA	**915**	**1,637**	**(44.1)**	**(44.1)**
EBITDA margin	**8.0%**	14.4%	(6.4) pts	-
Depreciation and amortization	**114**	77	48.1	48.1
EBIT	**801**	**1,560**	**(48.7)**	**(48.7)**
EBIT margin %	**7.0%**	13.7%	(6.7) pts	–

Amounts in € thousands, unless indicated otherwise.

1 In 2012, Lohn was part of the 'Other' segment that also including Orisoft. To facilitate comparison to the Lohn performance the comparative figures do not include Orisoft. For comparative information including Orisoft reference is made to note 6.5.7 Operating segments in the financial statements.

1.6 HUMAN RESOURCES

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 employees will be a key success factor in winning the war for talent.

Exact is its people. Our job at Human Resources is to help create the right culture and conditions within Exact, a culture that encourages motivated and qualified employees to commit themselves to the company. Another of our goals is to make sure they remain enthusiastic and have the skills and motivation to do what is right for the company and for our clients. To achieve these goals, we make sure that Exact offers its employees the right opportunities for both career advancement and personal development.

With this in mind, Exact launched various HR programs in 2013 and we will continue full steam ahead with these programs in 2014. The focus areas are:

RECRUITING THE BEST PEOPLE

Finding the right people requires a strong recruitment team. In 2013, the main task of our global recruitment team was to recruit highly-qualified individuals to ensure a net growth in the workforce of approximately 10%. The team focused specifically on Development, Sales and the new roles for our Cloud Solutions business units in the UK, the US and Germany. The main challenges we faced were a tightening of the labor market in Kuala Lumpur and the scarcity of top sales people in the countries in which we operate. In order to succeed in our recruitment challenge we had to expand the HR team.

Despite these challenges, Exact managed to fill more than 400 vacancies in 2013, including replacements, across all our business units worldwide. The recruitment team managed to fill no less than 76% of those vacancies through efficient and active use of social media, such as LinkedIn and Twitter. Our preferred HR partners realized some outstanding results and helped us to fill a number of key vacancies last year.

PERFORMANCE MANAGEMENT

Following a review of our Job House we found that the functional competencies were not effective for performance management and personal development processes. Exact has therefore launched a project to update the competency framework to improve the performance management process, create career paths and enhance alignment with training and development. We also drew up a global competency dictionary, defining the relevant competencies for each role and level. This improved system enables us to clarify the accountabilities and responsibilities of the roles included in our Job House. Armed with the updated competency framework we run a greatly improved performance management cycle for all our employees. This cycle starts with a goal-setting process, which specifies expected business results and competency development. We discuss progress in the mid-year reviews and

Employees per business unit

(in full time equivalents)	2013 at year-end	2012 at year-end	Change
Cloud Solutions	**416**	299	39.1%
Business Solutions	**583**	608	(4.1)%
MGS	**126**	134	(6.0)%
JobBOSS	**69**	75	(8.0)%
MAX	**28**	31	(9.7)%
Longview	**168**	161	4.3%
Lohn XL	**101**	101	0.0%
Global Functions	**240**	244	(1.6)%
Total	**1,731**	**1,653**	**4.7%**

assess results in a performance review at the end of the cycle. This performance review includes both business results and competency development and results in performance rewards and individual development plans for employees. The individual performance appraisal serves as a basis for our talent review process, which focuses on leadership and talent management.

TRAINING AND DEVELOPMENT

Training is key to both recruiting and retaining the right people and crucial to staying ahead of the game in a fiercely competitive market. Exact HR has designed a wide range of internal training courses to provide our employees with opportunities for professional and personal growth. These courses also make sure that our employees remain fully committed and aligned with our strategy. In 2013, we again modified and expanded the training courses we offer, to reflect the changes in our strategy and the enhancement of our product offering (for Business Solutions and Cloud Solutions). One significant addition to our training courses was the Management Development program. This program makes sure our leadership team is able to execute on our strategy and to build strong teams to take the next step forward.

In 2012, Exact launched Certification Track to make 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 can make sure that our employees get the right training. In 2013, we booked considerable progress in the number of certified employees, who completed more than 5,000 Exademy courses.

Exact fosters a strong relationship with its business partners and reseller-network and encourages them to gain a full understanding of all Exact's solutions. These partners and resellers also participate in the Exact Certification Track, allowing them to provide the best possible advise to their customers.

Employees per discipline

(in full time equivalents)	2013 Average	2012 Average	Change	2013 at year-end	2012 at year-end	Change
Sales and Marketing	**334**	377	(11.4)%	**343**	348	(1.4)%
Customer Services	**603**	660	(8.6)%	**596**	586	1.7%
Research and Development	**483**	471	2.5%	**522**	473	10.4%
Operation Support and General Management	**259**	271	(4.4)%	**270**	246	9.8%
Total	**1,679**	**1,779**	**(5.6)%**	**1,731**	**1,653**	**4.7%**

TALENT AND SUCCESSION MANAGEMENT

The Exademy, our own learning center, developed a Management Development Program in collaboration with the Board of Managing Directors of Exact. This program focuses on three groups within Exact: Talent (employees who are considered a talent yet not in a management position), Management and Senior Management. The program is designed to match the specific needs of each of the three groups. In 2014 we will roll out this Leadership and Talent development program.

EXACT CULTURE SURVEY – WHAT OUR PEOPLE SAY

We aim for maximum engagement of all our staff. To monitor our progress in this regard, we measure the level of engagement through our Culture Survey. This survey gives us a snapshot of five main domains: objectives and aspirations; accountabilities and collaboration; performance management and recognition; people management capabilities and interactions, and overall engagement.

"EXACT IS ITS PEOPLE. WE AIM FOR MAXIMUM ENGAGEMENT OF ALL OUR STAFF."

More than 80% of Exact's employees responded in the Q4 2012 Culture Survey.

The highest scoring elements included:
- dynamic work environment;
- culture and atmosphere;
- good fellowship with colleagues.

Points of attention were related to:
- performance management and recognition;
- career opportunities and paths.

The Culture Survey results are communicated to all our operating companies. Our individual businesses initially drew up local improvement plans based on local results and areas of attention. However, we addressed common themes (performance management and recognition and career opportunities and paths) at Group level. We view our survey results as an opportunity for further dialogue at every level of the organization and we are fully committed to improving those elements that help us to attract, develop and retain our staff.

Going forward we will continue to conduct the survey on a regular basis. The most recent survey was conducted in the first quarter of 2014.

2. CORPORATE SOCIAL RESPONSIBILITY

2. CORPORATE SOCIAL RESPONSIBILITY

At Exact we realize that our operations have an impact on our people, customers, shareholders & suppliers. But also on the planet as a whole and the communities which we are part of. We define corporate social responsibility (CSR) as doing business ethically in an environmentally and socially responsible manner. While safeguarding growth and profit in line with the expectations of our stakeholders. All projects that supported our CSR match Exact as a company and we focused on three areas: workplace, community and environment.

Exact is committed to building up and maintaining a diverse workforce and keep them motivated to do extraordinary things. An important motivational factor for our employees is the opportunities we give them for personal development and for getting responsibilities in their job. In 2013 all training courses have been tailor-made and aligned with the needs per business unit and roles within the company.

WORKPLACE

Our main objective is to get the best match between our employees and Exact. We focus on recruiting and retaining people and facilitate internal mobility and personal development.

Some statistics for 2013:
- 278 people participated in the Insight training;
- More than 5,000 training courses were followed;
- More than 700 certificates were obtained;
- More than 500 people have obtained one or more certificates.

COMMUNITY

Our objective considering community is to contribute to improving the standard of living in developing countries and help develop economic perspective locally for entrepreneurs. Therefore we've decided to continue the project 'Adopt a Class' with charity Child at Venture. In 2013 we've adopted another class of young entrepreneurs in Manila, the Philippines. Through our financial support and sharing knowledge and the actual visit to their business, Exact contributes to the success of this program and the future of these youngsters. Out of 129 participants to the training, 88 graduated, 62 decided to establish a business and 35 finally were successful.

An additional program we run is the collaboration with the organization Close the Gap (worldwide). In 2013 we donated 1,186 IT equipment items and donated additionally € 4,170 to bridge 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. Next to Close the Gap, we work with Habitat for Humanity

Number of accounts per Exact Online module

Exact Online modules for universities and schools	Number of school accounts
Exact Online Accounting	5
Exact Online Wholesale Distribution	68
Exact Online Manufacturing	4
Exact Online Professional Services	2
Total	**79**

(Americas) and several local organizations (in Asia).

Another successful program run by Exact to support the community is the Exact Online program for educational purposes. Currently, 53 universities and schools actively use Exact Online for educational purposes. These 53 institutes (located in the Netherlands and one in Canada) have created 79 Exact Online accounts for schools to be used. More than 15,000 students were trained with Exact Online since 2009, and 8,000 of them have created their own Exact Online account in 2013. This is a 50% increase when compared to the end of 2012.

We also support community close to our roots. Started out as a venture of three entrepreneurs who graduated from the Delft University of Technology (TU Delft), we still have a link with that university. Every year we offer several students an internship and some of them stay with us, starting their first job with Exact. On average we have supported around 10 students in 2013. We will further intensify the relationship with the university in the coming years.

In 2013 we have also participated in the program Alpe d'HuZes. We know that only innovative, new and tested treatments and medicines can help us move forward in fighting cancer. Exact has donated € 35,000 and on top of that two Exact teams, consisting of employees and partners, have collected € 34,000. Additionally, Alpe d'HuZes volunteers use Exact Synergy to register participants and share information with each other.

In 2014 we will look into other possibilities to further develop our community reach. We believe we can support charities and foundations with our products but also with our knowledge and participation.

ENVIRONMENT

Our objective is to ensure that our operations have a minimal negative effect on the environment. One of the areas we focus on is paper usage. We aim to lower the use of paper within and beyond the boundaries of our organization. Our software enables reduction of paper usage and helps our customers to enhance their sustainability as well.

The following programs are in place:
- Follow-me system printers worldwide that will deliver 10-15% reduction on paper use;
- Electronic invoicing to reduce our paper use (more than 392 thousand electronic invoices- 89% of all invoices);
- Car policy to reduce our emissions (the Netherlands);
- Project Close the Gap (IT donations);
- Mobile working concept.

In 2014, to further lower any negative impact on the environment we are looking into the possibilities of complementing our car fleet with full electric cars.

Another initiative we will take up is how we can support our customers to be more sustainable using our software to the best of its abilities. We will also start rolling out an electronic invoicing project with our suppliers, since our solutions make it possible to lower the paper use by offering online payment possibilities, online invoicing to customers and online document management.

FROM CSR TO CSV

All initiatives started in 2013 helped us investigate which framework works best for Exact and stakeholders. In 2014, to ensure we practice a sustainable way of working aligned with our growth ambitions, we will switch from Corporate Social Responsibility (CSR) to Creating Shared Value (CSV). We need to research all the possibilities to truly create value with our initiatives, both internally and externally. We realize that by implementing the CSV approach we can generate greater innovation and growth, but also greater benefits for society.

3. RISK MANAGEMENT

3. RISK MANAGEMENT

Taking risks is inherent in doing business and achieving results. Effective management of risks is crucial and should optimize the return to Exact's stakeholders. A risk management framework has been designed and implemented to identify and prioritize risks in order to develop appropriate responses. Responsibilities have been clearly defined and assigned within the organization.

The Board of Managing Directors is responsible for formulating the overall strategy and objectives. It has set up a 'three lines of defense' organization to address risk that may prevent Exact from achieving its objectives. The Supervisory Board maintains oversight of the risk governance and supervises the execution of risk management by the Board of Managing Directors.

RISK GOVERNANCE

Day to day responsibility regarding risk lies with line management of the business units and corporate functions such as Finance and HR. This is the first line of defense. These managers know best the risks in their operations and have defined and implemented controls to manage these risk.

The second line of defense consists of the risk management and the compliance function. The risk management function is responsible for the design and implementation of an integral framework to manage risks in an effective and efficient way. It monitors first line departments' compliance with this framework and it provides guidelines regarding risk appetite and risk profile at all levels. In 2013, a corporate risk manager has been appointed. He reports directly to the CFO. The compliance function has a dedicated responsibility for adherence to legislation in all jurisdictions where Exact undertakes business activities. The Director of Legal Affairs, who reports to the CFO, is responsible for the compliance function.

The internal audit department operates as a third line of defense and is accountable to the Audit Committee of the Supervisory Board. The internal audit department responsibility is to provide assurance on the design and effectiveness of the risk strategy and the risk control framework. The Internal Audit Director reports administratively to the CFO and functionally to the Chairman of the Audit Committee. These reporting lines as well as direct access to the CEO and other members of the Board of Managing Directors safeguard the independence of the internal audit function. The internal audit department introduced a risk-based audit approach aligned with the strategy of Exact and the needs of the Audit Committee and Board of Managing Directors. The audit plan is adjusted through the year to reflect new developments.

Exact's risk governance has been substantially improved with the full implementation of the three lines of defense model in 2013.

The three lines of defense model as implemented within Exact.

RISK CONTROL FRAMEWORK

Exact has implemented a risk control framework that consists of four interrelated risk categories: business risk, security and continuity risk, finance and financial reporting risk and compliance risk. Each category has a dedicated, specific approach for managing the risks. Key elements for all categories are risk identification, prioritizing, formulating actions for mitigation and monitoring of the mitigating action execution. The corporate risk manager works in close cooperation with all departments to ensure that the approach chosen for each category is adequate. The Internal Audit department reviews the risk control framework at least annually.

Business risk
Business risks are identified in (self-) assessments at business units and global functions level. These assessments are translated into the Group level business risk chart. The Group level business risk chart encompasses all key risks and are weighted on the basis of impact and probability. All key risks as identified through this process are divided in strategic and operational business risks.

In 2012 Exact started the identification of business risks and this process was completed in 2013. Also, an analysis of risks in the Global functions has been undertaken. In the second half of 2013 the Group level business risk chart was reviewed and updated in order to remain aligned with strategic priorities. This process ensures a comprehensive top down and bottom up risk identification process. The identified business risks are discussed regularly in the management teams of the business units to ensure continuous attention. The Board of Managing Directors discusses the key business risks in Board meetings and in monthly review meetings with business unit management.

The Risk Management function assists business in executing the assessments. Its involvement ensures a standard use of vocabulary and rating criteria. It also plays a part in aligning risk identification and prioritizing between business units so that the group level business risk chart is coherent and complete.

Security and continuity risk
By the end of 2013, 145.852 companies used the Exact online platform to support their business processes. The dependency of these customers on this product justifies and requires significant efforts to ensure the platform is secure, reliable and available. To show our commitment, we have further increased the quality of our security and continuity processes and have them certified via an ISAE 3402 type 1 report that included an assurance report provided by our external auditor. The ISAE 3402 type 1 report describes the design of security and continuity processes for the Exact Online product and is available for our clients and their auditors at request. It is our intention to obtain a type 2 report in 2014, that should provide assurance about the operational effectiveness of the security and continuity processes. Risk Management in cooperation with our Quality function is driving this process. The Internal Audit department has tested the controls.

Finance and financial reporting risk
The Board of Managing Directors attaches great importance to a high standard of internal control over financial

reporting. Therefore, starting in 2012 and fully implemented in 2013, Exact has implemented a comprehensive framework to mitigate risks with respect to financial reporting. In each of our significant territories, in particular our regional financial shared service centers in Delft, Columbus and Kuala Lumpur as well as our corporate office in Delft, we established a detailed structure of key controls, mitigating the risk of misrepresentation of our financial results. These controls are executed on a regular basis to ensure our internal and external financial reporting is timely, accurate and complete.

The primary responsibility for the execution of the key controls lies with line management. Several times a year the corporate risk manager monitors if the key controls are executed as intended. In case of changes in the operations, the corporate risk manager adapts the framework to ensure it is up-to-date, effective and efficient. Internal Audit performs key control testing as part of its responsibilities to ensure the key control framework operates effectively and efficiently.

Compliance risk
Exact operates in various markets and jurisdictions. It is in our own interest and in the interests of our customers that we comply with all relevant laws and regulations in these markets and jurisdictions. The increasing number of rules and regulations and their diversity and complexity increases the inherent risk of non-compliance. To manage and mitigate this risk, we use specialists for designated compliance areas. Key compliance risks have been included in the key control framework and described under the Financial reporting risk section.

The Director of Legal Affairs initiates and monitors the implementation of new laws and regulations and ensures that our conduct is in compliance with the various jurisdictions in which we operate and is in line with stakeholders' expectations. Identification of compliance risks is included in the scope of the internal audit plan.

COMPANY RISK APPETITE

Executing our strategy implies that we take a certain level of risk. We have defined a risk appetite which is consistent with our strategy. In certain business areas we are prepared to take higher level risks than in others. We have identified four types of risk and for each type the risk appetite has been defined.

Business risks
In 2012, we defined our overall strategic pillars: focus, innovation and simplicity. We are entrepreneurial and this means we take risks to realize our strategy. 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 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, moving up in the market and penetrating new markets (new countries). We want to take a leadership position in this area. Our willingness to take risks in achieving these objectives is higher than average to realize the 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 level of risk in achieving these objectives, whereas we accept a higher level of revenue

"

WE WANT TO MINIMIZE RISKS THAT HINDER EFFICIENT OPERATIONS IN A COST EFFECTIVE WAY, BY INVESTING IN STATE OF THE ART SYSTEM SUPPORT."

risk than average regarding customer migration from legacy products to Exact Online.

The focus within our Specialized Solutions business unit is on realizing growth through targeted investments and sustaining the current customer base. We accept an average level of risk in achieving these objectives.
Focus and simplicity are guiding principles in our company objectives. As part of our strategic reorientation, we simplified the structure of our company in 2012, forming three business units which are all served by regional financial shared service centers. We enhanced this structure further in 2013. We want to minimize risks that hinder efficient operations in a cost effective way, by investing in state of the art system support. We have a low tolerance for risks that may have a negative impact on customer-related processes and customer experience.

Security and continuity risk
Security and continuity and are essential to future growth of Exact Online and Exact as a whole. Downtime and breaches of Exact Online could lead to adverse effects. Negative performance and publicity could potentially lead to large groups of customers shifting towards alternatives at an extreme pace. As Exact Online is key to our growth strategy we only accept a very low, if not the lowest possible, level of risk regards to security and continuity.

Finance and financial reporting risk
Reliability of financial reporting is a key objective at Exact. We accept a low level of risk in achieving this objective. Exact has conducted a financial reporting risk assessment, on basis of which we have drawn up a framework with key controls, as explained in the financial reporting risk section above. We demand full compliance with this key control framework.

Compliance risk
We aim to comply with company policies and all (local) applicable laws and regulations. We accept a low level of risk in achieving this objective and have defined a code of conduct which needs to be applied at all times in the course of conducting business. Deviations from our code of conduct are neither tolerated nor sanctioned. We have defined key controls to prevent any significant regulatory breaches, legal issues, negative public exposure or deviations from our policies.

KEY RISKS

In this chapter we have listed the key risks of Exact as identified via our risk management approach. Please note that this list cannot be an exhaustive overview of all risks affecting Exact's business, and that the risks in this list are presented in random order. As mentioned before, risks fluctuate over time or even overnight. Risks identified could diminish in importance due to changed market conditions or appropriate business responses. When identified, action plans are set up and execution of these plans is monitored.

Business risks – Strategic

International rollout of Exact Online
To accelerate growth, Exact will roll out Exact Online in several countries. In each country, Exact faces different market conditions in terms of customers, competitors and regulatory institutions. To manage these risks, Exact focuses on hiring local business managers per country with ample knowledge of the local market. These managers build up teams and prepare detailed rollout plans. The rollout of these plans is monitored by the Board of Managing Directors on a monthly basis.

Ability to upscale on-premises product lines
One of Exact's strategic objectives is to expand the customer base to the SMB+ segment (>100 employees). This requires innovations within our product range and changes to our operational processes and sales capabilities. More specifically, the time to market of the up-market developments and mobile and hosting developments in our on-premises product lines will have an impact on the growth potential of 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 target markets.

Customer retention
Customer retention and customer satisfaction is a constant focus point, in order to keep customers on board. Customer satisfaction within Business Solutions is monitored via a yearly survey. To minimalize attrition/churn, we installed in 2013 a Customer Life Cycle program, which will continue to be executed in 2014. This Customer Life Cycle program focuses on increasing customer contact and customer satisfaction. We monitor customer retention for our Cloud Solutions business unit and any underlying trends in customer behavior very closely with a web touch model. This is a monthly activity with root cause analysis and actions to address customer's concerns and improve overall retention. We introduced a new function in the Cloud Solutions business unit, Customer Success, which will be working in 2014 on a number of key projects to engage effectively with customers throughout the customer lifecycle. In 2014 customer satisfaction will remain one of our key priorities.

Business risks – operational

Effective sales channels
To prevent underperformance of our sales channels, and especially the partner channel, we created a clear channel strategy and clarified the role of our partners in the rollout of Exact Online.

We also introduced a new lead generation program and a stricter forecasting process. In 2014, we will continue to strengthen the good relationship we have with our partners.

Ability to hire and retain employees
Exact is operating in a competitive environment for staff with a specialized (technical) background. To make sure Exact continues to be a successful employer, the HR department has expanded the international recruitment team and is enhancing the company's performance and talent management processes.

Security and continuity risk

Continuity, integrity and availability of our online solutions
If we are not able to provide sufficient guarantees regarding the confidentiality, integrity and availability of our solutions, we could face diminishing customer service, resulting in reputational damage and a consequent negative impact on our future revenues. This could be the result of shortcomings in our own technical infrastructure, as well insufficient levels of security at our partners in the online ecosystems. We have increased our security and continuity processes and have them certified with an ISAE 3402 Type 1 report, as described in more detail earlier in this chapter.

Finance and financial reporting risk

Currency rate fluctuations
Exact is exposed to currency rate fluctuations that could have an adverse effect on its financial condition and results. Currency risks are managed in accordance with Group polices and require Group companies to manage the currency risks against their functional currency. Objective is to minimize the impact on the profit for the year. We accept that revenues and cost levels on their own may be impacted by fluctuations in the currency rates. See note 6.5.24 'Financial Instruments – Credit risk' in the financial statements for further details.

Changing payments models
Prospective customers are asking for more flexible alternatives to the upfront license investment payment models Exact traditionally offers its customers. Exact now offers new subscription-based pricing models to accommodate the demands of its clients. An increased demand for new pricing models could affect our short-term revenue and cash flow patterns, although this will not have a negative impact on the overall lifetime value of new customers.

Taxation
Exact is subject to the tax laws of the countries in which we operate as well as to European tax law. We may incur additional tax charges, including penalties, resulting from changes in tax laws or the interpretation of tax laws or from failure to comply with obligations required by relevant tax authorities. Disputes with tax authorities may arise with regard to the interpretation and application of tax laws. If any of these risks materializes, leading to tax costs associated with particular transactions being greater than anticipated, it could affect the profitability of our business as a whole. See note 6.5.12 'Income tax' in the financial statements for further details.

Compliance risks

The diversity of jurisdictions in which we operate could lead to tax and compliance risks. Exact has reduced these risks in 2013 by strengthening its corporate functions, such as Tax, Legal and Risk Management. In 2014, Exact will enhance its global policy framework to strengthen the governance of the company's processes and activities.

Exact may face issues in relation to a lack of information security (theft or loss of information due to, for instance, cyber-attacks and similar events). These incidents could have a negative impact on Exact's reputation. Exact is continuously working on improving its IT infrastructure and the implementation of enhanced and up to date security policies.

IN CONTROL STATEMENT

We believe that, in compliance with provision II.1.5 of the Dutch Corporate Governance 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 2013, and no indications that it might not work properly in 2014.

It is important to note that properly 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.

4. CORPORATE GOVERNANCE

4. CORPORATE GOVERNANCE

Exact has pursued a consistent policy to enhance and improve its governance structure in line with the Code. Effective risk management and internal control is fundamental to an effective corporate governance structure as they support better decision making.

Exact Holding N.V. (hereinafter 'Exact') is a public limited liability company incorporated under the laws of the Netherlands, with its corporate seat in Delft, the Netherlands.

Exact, as the ultimate parent company, holds all the shares of Exact Group B.V., a private limited liability company, incorporated under the laws of the Netherlands, with its corporate seat in Delft, the Netherlands. Exact Group B.V., directly or indirectly, holds the shares in all of Exact's operating companies. All operating companies are, direct or indirect, wholly-owned subsidiaries. Exact is not subject to the large company structure regime, but Exact Software Nederland B.V. – a direct subsidiary of Exact Group B.V. – is subject to this structure regime.

Exact is managed by a Board of Managing Directors, which is supervised and advised by the Supervisory Board.

Corporate governance within Exact is based on the statutory requirements applicable to public limited liability companies and on the Company's Articles of Association. Exact's Articles of Association are published on the Company's website (www.exact.com). The current Dutch Corporate Governance Code ('the Code') was introduced in December 2008. The Code can be downloaded at www.commissiecorporategovernance.nl.

As stated in the Code, there should be a basic recognition that corporate governance must be tailored to the company-specific situation and therefore that non-application of individual provisions by a company may be justified. Exact endorses the Code's principles and best practice provisions.

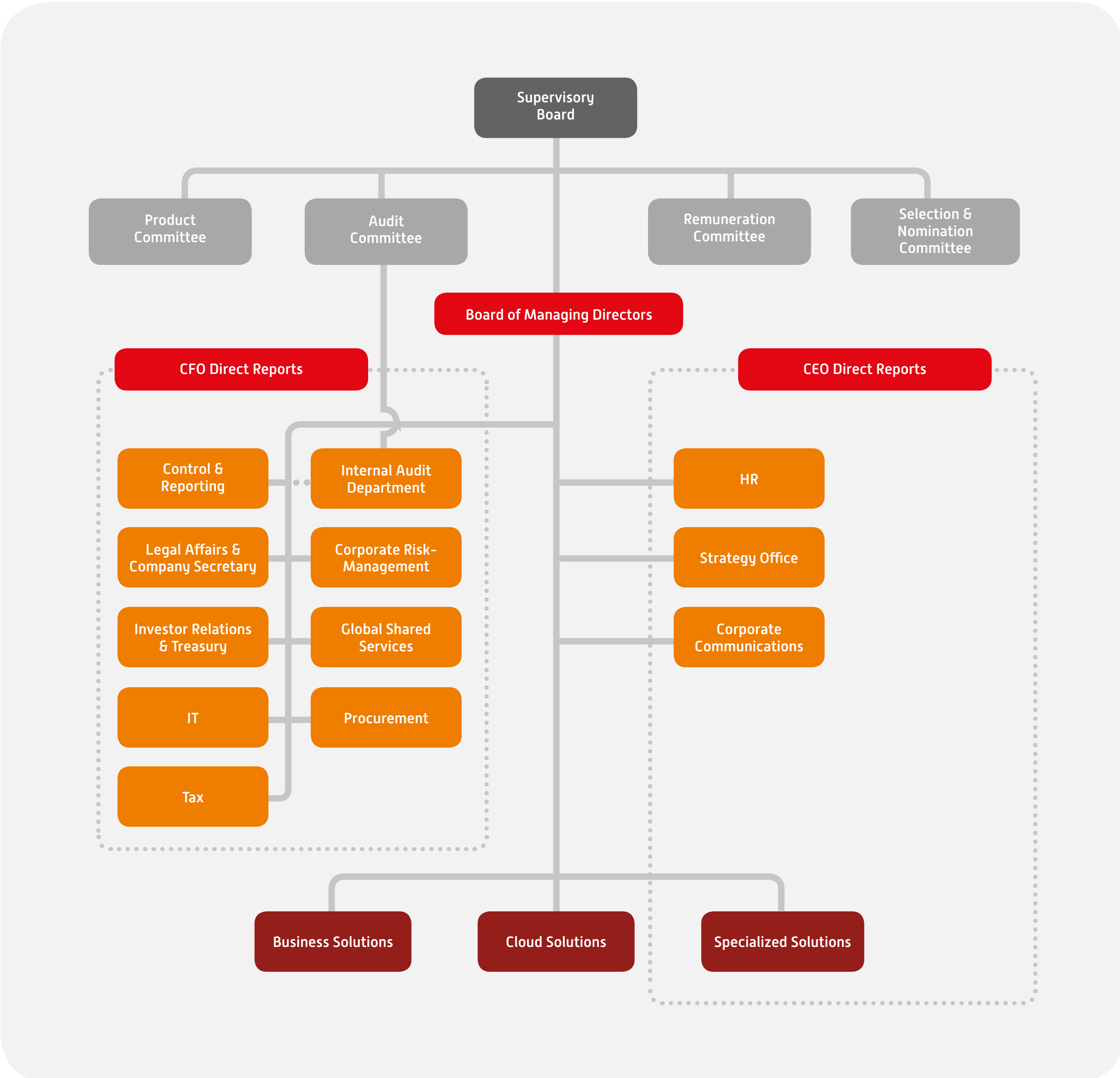
In accordance with the Code, substantial changes in Exact's corporate governance structure and in Exact's compliance with the Code shall be submitted to the Annual General Meeting for discussion under a separate agenda item. There have not been any substantial changes in Exact's corporate governance structure or in Exact's compliance with the Code.

Exact has pursued a consistent policy to enhance and improve its governance structure in line with the Code. Effective risk management and internal control is fundamental to an effective corporate governance structure as they support better decision making. Exact has therefore established several committees and boards: Corporate Solution Board; Compliance Committee; Internal Control Committee; Disclosure Committee; Treasury Committee and the IT Governance Board. For an overview of Exact's governance structure please refer to the chart on page 57.

BOARD OF MANAGING DIRECTORS

The Board of Managing Directors is responsible for the management and general affairs of Exact. With due

Organization chart and committees



regard to the requirement under the Articles of Association that the Board of Managing Directors must consist of at least two members, the Supervisory Board determines the number of members of the Board of Managing Directors. Currently the Board of Managing Directors consists of four members. The Chairman of the Board of Managing Directors is designated by the Supervisory Board.

The members of the Board of Managing Directors are appointed by the Annual General Meeting. For each appointment, the Supervisory Board is entitled to make a list of binding nominations. The Annual General Meeting can overrule a binding nomination by a resolution adopted by a majority of at least two-thirds of the votes, representing more than half of the issued capital. In compliance with provision II.1.1 of the Code, all members of the Board of Managing Directors are appointed for a maximum term of four years and may be reappointed for a term of not more than four years at a time. Other than upon a proposal of the Supervisory Board, the members of the Board of Managing Directors are dismissed by the Annual General Meeting by a resolution adopted by an absolute majority representing at least one-third of the issued capital.

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 step down at the same time.

In accordance with the Code, the severance payment for members of the Board of Managing Directors shall not exceed the annual fixed-base salary (twelve times the monthly fixed-base salary).

Regardless of any internal allocation of tasks among its members, the members of the Board of Managing Directors are jointly responsible for the management and general affairs of the Company, which means, among other things, that the members of the Board of Managing Directors are responsible for defining and executing the strategy of the Company.

In accordance with the Articles of Association, the Board of Managing Directors has adopted Board regulations which have been approved by the Supervisory Board. These Board regulations supplement the statutory provisions and the Articles of Association that relate to the Board of Managing Directors and its members and are published on the Company's website.

The Board of Managing Directors is accountable for this to the Supervisory Board and to the Annual General Meeting. The Board of Managing Directors is responsible for compliance with all relevant legislation and regulations, for risk management and for the financing of all activities and shall provide the Supervisory Board with all information necessary for the exercise of the duties of the Supervisory Board.

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 78. 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 Articles of Association state that a member of the Board of Managing Directors may not participate in the deliberation and the decision-making process of the Board of Managing Directors concerning any subject in which this member has a direct or indirect personal interest that conflicts with the interests of Exact. A member of the Board of Managing Directors shall immediately report any conflict of interest to the Chairman of the Supervisory Board. Decisions to enter into transactions in which there are conflicts of interest with a member of the Board of Managing Directors require the approval of the Supervisory Board. There were no transactions in which there was a conflict of interest with a member of the Board of Managing Directors in 2013.

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 the Company's website.

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 advises the Board of Managing Directors.

Exact has laid down the specific tasks of the Supervisory Board in the Company's Articles of Association 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 2013 and the information required by the Code can be found in the Report of the Supervisory Board. The Supervisory Board currently consists of four members. In discharging its role, the Supervisory Board shall be guided by the interests of the Company and its affiliated enterprise, and shall take into account the relevant interests of the Company's stakeholders.

Supervisory Board members are appointed and reappointed by the Annual General Meeting. The Annual General Meeting 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.

Exact's Works Council has the right to recommend 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 and experience 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 profiles of the members of the Supervisory Board, which can be found in the Report of the Supervisory Board on page 66. To give the members of the Supervisory Board sufficient insight into Exact and its activities, newly-appointed members of the Supervisory Board follow an introduction program.

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 members of the Supervisory Board should in principle resign on the day of the Annual General Meeting four years after they were appointed by the Annual General Meeting. 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 the proper functioning of the Supervisory Board and its committees, and shall act on behalf of the Supervisory Board as the key contact for the Board of Managing Directors and for shareholders regarding the functioning of the members of the Board of Managing Directors and the Supervisory Board. 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 Supervisory Board is assisted by the Company Secretary. The Company Secretary shall ensure that correct procedures are followed and that the Supervisory Board acts in accordance with its obligations.

The Supervisory Board has established four 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 and responsibilities. These regulations, the composition and profile of the committees, plus the composition and remuneration of the Supervisory Board are all published on the Company's 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 Report of the Supervisory Board on page 68 provides further details on the four committees of the Supervisory Board, including the number of meetings and main topics discussed in these meetings. The remuneration of the members of the Supervisory Board was adopted by the 2009 Annual General Meeting. The remuneration of the members of the Supervisory Board 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 acquire shares in the Company as remuneration. Exact does not grant loans or guarantees to its Supervisory Board members.

The Dutch Management and Supervision Act entered into force on January 1, 2013. The new Act statutorily limits the number of supervisory functions that members of the Board of Managing Directors and Supervisory Board can have with large enterprises to two and five respectively. Acting as Chairman counts as two positions. Holding positions with more than one entity within the same group counts as one position. The members of the Board of Managing Directors and Supervisory Board satisfy these statutory requirements. For the profiles of the members of the Board of Managing Directors and the Supervisory Board please refer to page 16 and page 66.

DIVERSITY

The Management and Supervision Act requires companies to pursue a policy of having at least 30% of the seats on the board of management and supervisory board held by men and at least 30% of the seats held by women. The Company pays close attention to gender diversity in the recruitment process. In addition, the Company encourages professional development of female employees, which has led to the appointment of women to key positions. The Company believes it is making good progress in developing initiatives enhancing gender diversity. However, fully achieving the statutory targets in the short term is complicated for various reasons, such as other important selection criteria. The Company is making a concerted effort to continue developing gender equality initiatives and to give appropriate weight to gender diversity in the nomination and appointment process with regard to future vacancies, also at the level of the Board of Managing Directors and Supervisory Board, while taking into account the overall profile and selection criteria for the appointment of suitable candidates.

SHAREHOLDERS AND ANNUAL GENERAL MEETING

Exact will convene and hold an Annual General Meeting at least once a year, within six months of the close of a financial year.

The Annual General Meeting 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 the Company's website. The agenda of the Annual General Meeting 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 discharge the members of the Supervisory Board and Board of Managing Directors from any liabilities for their respective duties shall be voted on separately.

In 2013, Exact aimed to have the highest possible percentage of shares present or represented at the Annual General Meeting. 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 86% of the total number of shares outstanding with voting rights were present or validly represented at the Annual General Meeting in 2013. The voting results were published on the Company's website shortly after the Annual General Meeting and the minutes of the meeting were made available within three months after the Annual General Meeting on the Company's website.

A resolution to amend the Articles of Association may only be adopted by the Annual General Meeting upon a proposal of the Board of Managing Directors subject to the approval of the Supervisory Board.

RELATIONS WITH SHAREHOLDERS

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 the 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, when 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.

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 Annual General Meeting 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.

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 in 2011. The external auditor may be questioned by the Annual General Meeting with respect to the external auditor's opinion on the financial statements. The external auditor shall therefore attend and be entitled to address the Annual General Meeting. The internal auditor reports administratively to the CFO and functionally to the Chairman of the Audit Committee.

The Audit Committee is 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.

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 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 management report in this annual 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 for 2013 can be found in the following chapters, sections and pages, and should be deemed inserted and repeated 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 53);
- Information regarding the Annual General Meeting 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 27, 2014

Board of Managing Directors
Erik van der Meijden, *CEO*
Onno Krap, *CFO*
Marinus ter Laak,
Managing Director Business Solutions
Hartmut Wagner,
Managing Director Cloud Solutions

5. REPORT OF THE SUPERVISORY BOARD

SUPERVISORY BOARD

Mr. T.C.V. (Thierry) Schaap
Nationality: Dutch
Year of birth: 1971

Chairman of the Supervisory Board, member of the Selection and Nomination Committee and member of the Product Committee. Appointed in 2011 and eligible for reappointment at the Annual General Meeting in 2015.

Position: founder and managing director of Brand New Day N.V. and former CEO and founder of BinckBank N.V.
Supervisory directorships and other positions:
– Advisor at the Children's Foodure charity.

Mr. W.F.C. (Willem) Cramer
Nationality: Dutch
Year of birth: 1961

Vice Chairman, Chairman of the Remuneration Committee, Chairman of the Selection and Nomination Committee and member of the Audit Committee. Appointed in 2012 and reappointed at the Annual General Meeting in 2013.

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 of the Supervisory Board of GarantiBank International N.V. as of March 20, 2014.
– Member Advisory Committee BMKB, Dutch Ministry of Economic affairs.
– 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, Chairman of the Audit Committee and member of the Remuneration Committee. Appointed in 2012 and eligible for reappointment at the Annual General Meeting in 2016.

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

Mr. P.A.A. (Peter) van Haasteren
Nationality: Dutch
Year of birth: 1959

Member and Chairman of the Product Committee. Appointed in 2012 and eligible for reappointment at the Annual General Meeting in 2014.

Position: Chief Operations Officer at e-office. Former member of Exact's Board of Managing Directors and Managing Director of Exact Group from 1999 – 2005.

5. REPORT OF THE SUPERVISORY BOARD

The role of the Supervisory Board 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 advise the Board of Managing Directors. In the year under review, the Supervisory Board performed its duties on an ongoing basis in accordance with applicable laws and regulations and Exact's Articles of Association.

Composition and expertise
As per December 31, 2013, the Supervisory Board has four members. Each of the current members of the Supervisory Board complies with the statutory regime limiting the number of supervisory positions that may be held by supervisory directors under the recently adopted Management and Supervision Act (*Wet bestuur en toezicht*) as well as the profile drawn up by the Supervisory Board. Moreover each member of the Supervisory Board is capable of assessing and evaluating the broad outline of the Company's overall strategy.

More than one member of the Supervisory Board has relevant experience in financial accounting for listed companies or other large companies. Also in view of the Management and Supervision Act, the Supervisory Board reviewed its profile, composition and competences and believes it reflects a diverse composition in terms of knowledge, experience and skills that are relevant to the Company. The Supervisory Board is positive about the Company's continued efforts aimed at developing gender diversity initiatives and supports the recruitment of talented women for senior management positions. Starting in 2014, the Supervisory Board shall review its profile on a bi-annual basis, taking account of the nature of the Company's business, its activities and the desired expertise and background of the Supervisory Board members. The current profile of the Supervisory Board is published on the Company's website.

In accordance with the rotation schedule for the Supervisory Board, Mr. W.F.C. Cramer stepped down after the Annual General Meeting in 2013 and was reappointed as member of the Supervisory Board for a period of four years as per the end of the Annual General Meeting in 2013. In accordance with article 14, paragraph 4 of the Articles of Association, the members of the Supervisory Board are appointed by the Annual General Meeting, from a non-binding list of nominations drawn up by the Supervisory Board.

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 any particular interests. Each member of the Supervisory Board meets these independence requirements, as stated in the practice provisions III.2.1 and III.2.2 of the Corporate Governance Code. The Articles of Association state that a member of the Supervisory Board may not participate in the deliberation and decision-making process of the

Supervisory Board concerning any subject in which this member has a direct or indirect personal interest which conflicts with the interests of Exact. A member of the Supervisory Board shall immediately report any conflict of interest to the Chairman of the Supervisory Board. If the Chairman of the Supervisory Board has a conflicting interest, he shall notify the other members of the Supervisory Board without delay. Other than as described below, there were no transactions involving a conflict of interest with members of the Supervisory Board in 2013.

In the second half of 2013, the Company proposed to introduce a new pension scheme for all Exact employees with a Dutch employment contract. The Company engaged an independent pension consultant to assist in the selection process for a pension provider. At the end of 2013, the Company retained Brand New Day as its premium pension institute (PPI) (*Premiepensioeninstelling*) to implement and administer the new pension scheme. In 2013, Mr. T.C.V. Schaap did not participate in the deliberation and decision-making process on the engagement of Brand New Day as the Company's PPI in view of the potential conflict of interest related to said engagement. The Company complied with best practice provisions III.6.1 to III.6.3 of the Corporate Governance Code.

Remuneration
In 2009, the Annual General Meeting 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 SUPERVISORY BOARD

The Supervisory Board held six meetings in 2013. These meetings took place in January, March, May, July, November and December and were plenary sessions with the members of the Board of Managing Directors present. Some additional meetings were held via a conference call, for the event that a decision was needed on a specific matter, including issuance of press releases and publication of financial results and other specific subjects. The Supervisory Board attendance during 2013 was close to 100 percent. Absence was limited to situations of force majeure and remained rare exceptions. The members of the Supervisory Board were readily available for additional meetings. The Chairman of the Supervisory Board prepared the meetings with the Company Secretary and discussed matters, such as agendas, with the CEO or the Board of Managing Directors. The agenda included recurring items such as the Company's strategy, progress in executing the strategy and achievement of milestones, the financial position and results of the Company and of the various business units, investment proposals, internal risk management and control systems, governance structure, annual budget, and executive remuneration. The external auditor attended the meeting of the Supervisory Board in which the 2013 annual results were discussed and every Audit Committee meeting.

In 2013, the progress of the execution of the strategy for Cloud Solutions, Business Solutions and Specialized Solutions was a recurring and important topic on the agenda of the Supervisory Board. With respect to Cloud Solutions, the Supervisory Board put a strong focus on the international rollout of Exact Online, as well as the expansion of product offering in accounting and industry solutions.

On the subject of Business Solutions, the Supervisory Board devoted specific attention to actions focusing on customer retention. With respect to the business units within Specialized Solutions, the Supervisory Board paid specific attention to their contribution and overall fit with the strategy of the Company.

Furthermore, the Board closely monitored the realization of the communicated targets, such as the stable EBITDA target (€ 47 to € 52 million), the targeted 30% to 50% growth for Cloud Solutions and the expected total revenue growth of 4% to 7% in the longer term. The Supervisory Board advises the Board of Managing Directors to propose a concrete timeline by which this longer term target can be achieved.

The Board also evaluated the discussions and deliberations of the 2013 Annual General Meeting. More specifically, the Supervisory Board discussed the efficiency of R&D resources, the remuneration structure of the Board of Managing Directors and the policy on acquisitions.

During meetings of the Supervisory Board, representatives of senior management were often invited to give presentations. The international rollout of Exact Online, in particular, was frequently part of presentations and deliberations at Supervisory Board level.

The Board of Managing Directors updated the Supervisory Board regularly on all its planned organizational changes and the appointment of senior managers.
In 2013, the Supervisory Board met three times with the Exact Works Council on an informal basis.

In accordance with best practice provision III.1.7 of the Corporate Governance Code, the Supervisory Board discussed, in the absence of the Board of Managing Directors, its own functioning, the functioning of its committees and its individual members during the period under review. Starting in 2014, the Supervisory Board intends to have its bi-annual self-evaluations conducted by an external facilitator.

In July 2013, the Supervisory Board, excluding Mr. E.J.M. Kooistra, visited the Specialized Solutions business units in the US to meet management and to discuss strategies and key developments. In Minneapolis, the Supervisory Board had meetings with the management of Macola, MAX, JobBOSS, as well as with the Specialized Solutions business controller and its HR business partner. The purpose of this visit was to gain more in-depth knowledge of the daily business and development of the US business units. The outcome and findings of this visit resulted in the following recommendations: Exact management needs to further investigate the product roadmaps of the US entities. This should include the potential for the (re)development of a new product for (a part) of the US customer base and the development and rollout of Exact Online Manufacturing and Wholesale in the US. To do this, the Company needs detailed and in-depth insight into the customer base and functionalities of the products. Furthermore, and based on the outcomes of previous investigations, the Supervisory Board recommends that the Board of Managing Directors conduct an assessment relevant to the future strategic fit with the US entities.

In October 2013, the Supervisory Board held evaluation meetings with each member of the Board of Managing Directors, in which they discussed their performance and the progress made in achieving the targets set. These evaluation meetings were held between two members of the Supervisory Board

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THE FOUR COMMITTEES ADVISE AND FACILITATE THE SUPERVISORY BOARD WITH RESPECT TO ITS TASKS AND TO PREPARE THE DECISION MAKING."

and the relevant member of the Board of Managing Directors. The outcome of these meetings was discussed in an additional meeting of the Supervisory Board in November 2013.

With respect to the training of the Supervisory Board members, in October 2013 the Supervisory Board, excluding Mr. Cramer, spent more than a day in the Delft offices. During this session, members of Exact's senior management provided them with information on Customer Support processes within Business Solutions, Product Marketing within Cloud Solutions, Sales within Business Solutions, and Development within Cloud Solutions. On another occasion, the Supervisory Board, excluding Mr. Schaap, attended a presentation, given by the Global HR Director, on Exact's recruitment policy, talent management, internal investigations and questionnaires, plus the training and salary policy. During and after the presentations, the members of the Supervisory Board were given the opportunity to meet with several employees, and to request information and updates on several (business) processes and products. Furthermore, members of the Supervisory Board had several meetings with Exact partners and resellers, and attended the successful Exact Live'13 event in Rotterdam in October 2013.

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, operational and compliance risks to which it is exposed, and to oversee the integrity of its financial reporting. The Chairman, Mr. Kooistra, has knowledge of and experience in finance and administration at a listed company. In 2013, the Audit Committee held five meetings, in February, March, June, September and November. The CFO, the external auditor, KPMG, and the Internal Audit Director attended nearly all meetings; the Internal Audit Director did not attend the February 2013 meeting. As of November 2013, the corporate risk manager will attend all Audit Committee meetings. The Chairman of the Audit Committee met several times with the Internal Audit Director, in the absence of the members of the Board of Managing Directors. The Audit Committee met once with the external auditor KPMG to discuss and evaluate matters relevant to 2013, in the absence of the 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 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 outcome of the risk management process and the adequacy of internal control policies, plus the process of fraud reporting, whistle-blowing reporting and specific company rules such as the Code of Conduct. The Audit Committee also discussed the tasks, scope and projects of the internal audit department, 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 also performing non-audit-related services if necessary.

The Audit Committee conducted an extensive self-assessment with respect to its own functioning during the period under review. The self-assessment was facilitated by the Internal Audit Director and included a survey among the Audit Committee meeting participants, a self-assessment against eighty eight best practice statements by the Audit Committee members and the formulation of an action plan for improvements. Based on the outcome of the self-assessment the Audit Committee established the opinion that it performed well. Further enhancements would include various operational affairs of the Audit Committee.

As of its appointment in 2011, the external auditor, KPMG, identified the internal control environment as an area for improvement. Specifically the risk and control framework is mentioned, including further segregation of duties. In 2013, the Company improved and redesigned the Risk Control Framework as originally set up in 2012, with particular attention to the operational effectiveness of the framework. The segregation of duties were further embedded in the Risk and Control framework. Additionally, the three lines of defense risk model was implemented and the process of identifying key risks was completed in 2013. The risks identified were reviewed periodically and linked to the related internal controls to mitigate these risks. Other key areas highlighted by KPMG are the IT environment and taxation. In 2013, we have increased the quality of our security and continuity processes and have them certified via an ISAE 3402 type 1 report that included an assurance report provided by KPMG. In 2013, the Company documented a new tax strategy and embedded the key controls in the risk control framework For more information on these areas reference is made to the section ‘Risk Management’.

The Audit Committee, assisted by the external auditor, paid proper attention to the annual accounts over 2013, with focus on the system of internal control, the treatment of goodwill and the financial risks related to the chosen strategy.

Other, more specific subjects the Audit Committee discussed during its meetings in 2013 include the dividend policy and capital framework, the vacancies for key financial and risk management-related senior positions, the intangible assets on the balance sheet, and risks related to the international rollout of Exact Online. The Audit Committee also exchanged views with the CFO and the external auditor on accounting policies, the global tax strategy and the financial planning for the coming five years.

Furthermore, other specific subjects on the agenda of the Audit Committee included the scope and characteristics of Exact's risk appetite and the capitalization of R&D expenses. The Audit Committee also deliberated on Exact's overall tax strategy, including the use of the Dutch innovation box facility and an historically established Profit Participating Loan structure between Exact's Dutch, Belgian and US entities. The Company plans to adjust or dissolve the latter in the course of 2014. The Global Tax Director explained these specific subjects. One of the consequences of these actions was the adjustment of the calculation base for the short-term incentive for the Board of Managing Directors to a net income level rather than an EBITDA level. The 2013 Annual General Meeting approved this proposal to adjust the remuneration policy on this point.

Other in-depth topics on the agenda were the process to obtain the ISAE 3402 type I certificate, followed by the progress made to obtain the type II certificate for the Exact Online environment. The Committee also discussed the role of the Audit Committee and Supervisory Board in the financial reporting process. In this respect, the Audit Committee is of the opinion that the cooperation between management, the Internal Audit Department and KPMG was constructive. Annually, the Audit Committee evaluates the performance of the external auditor. This evaluation is facilitated by the internal auditor and includes senior finance management. The results are discussed in the Audit Committee. In general, the Audit Committee and Board of Managing Directors are satisfied with the external auditor's performance and work together with the external auditor to further increase the quality of the financial reporting.

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.

The Remuneration Committee is chaired by Mr. W.F.C. Cramer. The Remuneration Committee held four plenary meetings in 2013; in January, May, October and November. In addition to these plenary meetings, the Remuneration Committee met several times by telephone conference and had bilateral informal meetings with, among others, the Global HR Director, the Company Secretary, senior management and external advisers. The Remuneration Committee made recommendations and reviews on the remuneration for the members of the Board of Managing Directors, including their personal performance targets. For a report of the Remuneration Committee, reference is also made to the Remuneration Report on page 78, which describes the remuneration of the Board of Managing Directors and the Supervisory Board.

Based on the advice of the Remuneration Committee, in 2013 the Supervisory

Board proposed that the Annual General Meeting amend the Remuneration Policy as adopted by the Annual General Meeting in 2012. The Supervisory Board believes net profit is a better calculation basis for the short-term incentive than EBITDA. The Supervisory Board also takes the position that members of the Board of Managing Directors responsible for the business units Cloud Solutions and Business Solutions should – in addition to their corporate targets – have targets relating to the results of their respective business units. The Supervisory Board therefore proposed a 50/50 division between the corporate and business unit targets.

The Works Council in the Netherlands was offered the opportunity to determine its point of view on the proposed amendments to the 2012 Remuneration Policy prior to the date of the convocation of the Annual General Meeting of Shareholders on April 11, 2013. The Works Council responded that it preferred giving its point of view during the Annual General Meeting on May 22, 2013.

Further to the discussion regarding remuneration during the Annual General Meeting of Shareholders in 2013, the Remuneration Committee deemed it necessary to further investigate and benchmark the present remuneration package of the Board of Managing Directors in relation to Exact's current strategy. An independent remuneration consultant was engaged to review the composition of the remuneration package of the Board of Managing Directors in relation to Exact's strategy and in relation to the market. The remuneration Committee held various interviews with stakeholders and a desk study was performed. Based on the outcome a number of remuneration policy design alternatives were discussed with various internal stakeholders, mostly between the members of the Remuneration Committee and the Supervisory Board. Similarly, the Supervisory Board and the Board of Managing Directors extensively discussed and reviewed the remuneration policy design alternatives. Deliberations concerning the Remuneration Policy as adopted by the Annual General Meeting of Shareholders in 2013 as well as the remuneration policy design alternatives are pending.

SELECTION AND NOMINATION COMMITTEE

The Selection and Nomination Committee is chaired by Mr. W.F.C. Cramer. The main task of the Selection and Nomination Committee is to advise and submit proposals to the Supervisory Board related to the selection and nomination of candidate members of the Board of Managing Directors and the Supervisory Board. A rotation schedule for both the Board of Managing Directors and the Supervisory Board is published on the Company's website.

The Selection and Nomination Committee held one meeting, in January 2013. Following the recent appointments of Mr. Ter Laak and Mr. Wagner as members of the Board of Managing Directors, the Supervisory Board believes that the Board of Managing Directors has a balanced and diverse composition in terms of knowledge and experience that are relevant to the Company.

PRODUCT COMMITTEE

The Product Committee is chaired by Mr. P.A.A. 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. In 2013, the product Committee met three times, in March, September and December. The main topics of discussion were the (re) development of new and existing products and the product roadmaps for the three business units. During its kick-off meeting in March 2013, senior management from all the business units informed and updated the Product Committee on the following subjects: the current products and product lines, the number of active customers (with a maintenance contract) and passive customers (with an active license, but without maintenance contract), the status of all products, development, maintenance or end-of-life products, the product organization and the product roadmaps of the current and new products for the coming five years. During the meetings in September and December 2013, the Product Committee was informed and updated on new product developments, the most important developments within the three business units, the success criteria of the international rollout of Exact Online and the (re)development of Business Solutions products for the longer term. Getting to know the team responsible for product development for the different business units was a focus point for the Product Committee in 2013. Unfortunately, the position of technology director within Business Solutions was vacant for almost the entire period under review.

The Product Committee discussed the progress that was made in 2013 with the product roadmap for Exact Online. Both the scope and the timing of the product roadmap for the years ahead are clear. The Committee discussed and approved the launch of the advanced modules for professional services automation and wholesale distribution, as well as the launch of Exact Online Starter. The roadmap entails additional product launches with enhanced functionality for all targeted industries in 2014 and 2015. The Product Committee discussed the product development for Business Solutions, which focusses on the offering of SaaS solutions and mobile functionality for traditional on-premises products. The Product Committee also discussed the emphasis on customer-centricity and needs-based solutions involving the packaging of combinations of specific products to create unique customer propositions.

The Committee discussed the product plans of each of the business units within Specialized Solutions with the Board of Managing Directors.

FINANCIAL STATEMENTS AND PROFIT APPROPRIATION

The Board of Managing Directors submitted the financial statements of Exact Holding N.V. for the financial year 2013, 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 2013 financial statements were audited by KPMG Accountants N.V. ("the Auditor") and the Auditor's report appears on page 138. The Audit Committee discussed the financial statements extensively with the external Auditors, and in the presence of the Chief Financial Officer (CFO). The Supervisory Board discussed the 2013 financial statements with the full Board of Managing Directors, in the presence of the auditors. On the basis of these discussions, the Supervisory Board believes that the 2013 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.

CONCLUSIONS AND WORDS OF THANKS

Looking back, 2013 was a year of composing and getting up to speed with the new Boards. The new organizational and governance structure introduced in 2012, was put into effect and the Boards were able to truly start their managerial and supervisory activities. The Company continued to improve and develop its governance structure and will continue this process in 2014.

In 2013, the new Supervisory Board and Board of Managing Directors spent a great deal of time getting to know and better understand Exact's products and client markets. Given the complexity of Exact and its products, this will be an ongoing effort.

In 2013, Exact's Board of Managing Directors made important steps and successfully developed the Exact Online product and its functionalities, as well as the international rollout, including the 'going live' phase in both the UK and the US. The Company also booked good progress with respect to user interface and mobile applications, all resulting in sharp growth for Exact Online. We recognize and appreciate the solid foundation that Business Solutions provides, giving Exact a solid basis on which to build its profitable growth strategy. Without that strong basis, we would not have been able to make the required investments in the development of Exact Online and the international expansion of Cloud Solutions.

There will be no shortage of challenges for this business unit in the year ahead, but the Supervisory Board firmly believes that the Exact organization is capable of anticipating and overcoming these.

In the past year, Exact´s Board of Managing Directors improved the 'focus and simplicity' within the Business Solutions business unit. Following the major reorganization in 2012 and early 2013, there was a real need to 'get the troops re-aligned' internally, for clear focus, the simplification of processes, and the improvement of customer satisfaction levels. The Supervisory Board is pleased to report that good progress was made on a number of fronts; attrition rates have declined, partners and customers gave positive feedback and internal processes are now better aligned to Exact's strategy. However, the decline in revenues – although this decline is diminishing - remains a point of concern and needs to be halted and reversed. Finally, some Business Solutions customers feel a need for more clarity with regard to the future of the products and related services. These concerns and challenges for this business unit will need our continued focus in 2014.

'From a 'Focus, Innovation and Simplicity' point of view, the Company needs to devote a lot of attention to the various product lines of our Specialized Solution entities. In 2014, we envisage making further progress in creating clarity and focus in the strategic and organizational aspects of these business units.

Finally, the Supervisory Board wishes to thank the Board of Managing Directors, as well as all employees around the world, for their dedication and hard work for Exact in 2013. The Supervisory Board expresses the hope and expectation that all employees and management within Exact will continue to support the strategy for the benefit of Exact's stakeholders.

5.1 REMUNERATION REPORT

The Remuneration Committee of the Supervisory Board is responsible for advising the Supervisory Board on 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.

REMUNERATION POLICY FOR THE BOARD OF MANAGING DIRECTORS

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 on May 22, 2013.

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 competitive remuneration package. The policy is to focus the members of the Board of Managing Directors on improving the performance of the Company and on achieving the Company's targets. The policy also ensures that the 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[1].

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 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 in 2013.

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

1 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.

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 performance-based compensation has been granted, based on incorrect (financial) information, the Supervisory Board has the option to adjust the compensation and to reclaim (claw-back) any amount 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 maintaining the criteria would lead to an unfair or unintended outcome. The Supervisory Board alone is responsible for assessing performance, and determining the performance-based compensation.

Fixed base salary
The fixed base salary for 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 pay-out depends on the realization of the targets: below the threshold performance there is no 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 performance-based compensation are 70% financial and 30% non-financial. The financial targets for the Board of Managing Directors are presented in the table on page 80.

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 2013 was 128.8% (2012: 29.5%), while the payout ratio for the non-financial criteria was 74.5% based on achievement of individual goals. This resulted in an overall pay-out ratio of 112.5% (2012: 50.7%) for the Board of Managing Directors.

Financial targets short-term incentive plan

in%	CEO	CFO	MD Cloud Solutions	MD Business Solutions
Corporate targets				
Group revenue	40	40	20	20
Group net income	40	40	20	20
MRR Exact Online *	20	20	10	10
Total Corporate targets	**100**	**100**	**50**	**50**
Business unit targets				
Business unit revenue	-	-	20	20
Business unit EBIT	-	-	20	20
License revenue Business Solutions	-	-	-	10
MRR Exact Online *	-	-	10	-
Total Business unit targets	**-**	**-**	**50**	**50**
Total financial target	**100**	**100**	**100**	**100**

* MRR is committed monthly recurring revenue

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 (AMX). The total shareholder return is measured over the three-year vesting period and against the performance of the AMX.

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, 2013, the long-term remuneration reserve amounted to € 217,788 (2012: € 47,358) 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 did 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 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 2013, the Board of Managing Directors held no option rights on shares (2012: 0).

Total remuneration to which the members of the Supervisory Board, in their capacity as Board member, were entitled to in 2013 totalled € 145,000 (2012: € 137,000). 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.

CRISIS LEVY

The employer levy for high-earning employees, the so-called “crisis levy”, will be extended by one year and thus will also apply in 2014, despite the fact that it was introduced as a one-time levy in 2013. Consequently, employers will have to pay a 16% levy on salary they paid to employees in 2013, to the extent that individual employee salary exceeded EUR 150,000. The crisis levy for the Board of Managing Directors recognized in 2013 amounts to € 133,379 (2012: € 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.

Remuneration of the members of the Board of Managing Directors

	2013	2012
Salary	**1,377**	734
Short-term bonus	**933**	252
Long-term bonus	**170**	(60)
Other	**59**	33
Total	**2,539**	**959**

Amounts in € thousands, unless indicated otherwise.

	Salary	Short-term bonus	Long-term bonus	Other	Total
2013					
Erik van der Meijden	450	304	64	18	**836**
Onno Krap	330	237	45	19	**631**
Marinus ter Laak	300	138	35	4	**477**
Hartmut Wagner [1]	297	254	26	18	**595**
Total	**1,377**	**933**	**170**	**59**	**2,539**
2012					
Erik van der Meijden [2]	355	103	33	14	505
Onno Krap [3]	163	49	14	9	235
Marinus ter Laak [4]	25	–	–	1	26
Max Timmer [5]	191	100	(107)	9	184
Total	**734**	**252**	**(60)**	**33**	**959**

Amounts in € thousands, unless indicated otherwise.

Shares conditionally granted to the Board of Managing Directors

	Shares held at December 31, 2012	Shares Granted 2013	Shares held at December 31, 2013
Erik van der Meijden	7,651	**11,231**	**18,882**
Onno Krap	3,875	**8,236**	**12,111**
Marinus ter Laak	-	**7,487**	**7,487**
Hartmut Wagner	-	**7,487**	**7,487**
Total	**11,526**	**34,441**	**45,967**

All shares granted to the Management Board in 2013, are conditionally granted. Under the terms of the LTIP, shares are conditionally granted and vest at the end of a three-year performance period. The conditionally granted shares include a market condition that is taken into account when estimating the fair value of the equity instruments granted. The market condition attached to the LTIP is the Company's Total Shareholder Return ('TSR') performance measured against the performance of the NYSE Euronext Amsterdam Mid Cap Index during the performance period. The average fair value of the shares conditionally granted in 2013 is €11.69 per share.

The difference in percentages, if any, between the Company's TSR compared to the performance of the NYSE Euronext Amsterdam Mid Cap Index, determines the pay out on the vesting date. Depending on the level of achievement of these market measures the number of conditionally granted shares vesting varies between 0%-150% of the number of shares originally granted.

Remuneration of the members of the Supervisory Board

	2013	2012
Thierry Schaap (Chairman) [6]	**45**	35
Willem Cramer (Vice chairman) [7]	**40**	20
Evert Kooistra [8]	**30**	15
Peter van Haasteren [9]	**30**	15
Rolf Deves (former Chairman) [10]	**-**	32
Rob Hoevens [11]	**-**	20
Total	**145**	**137**

Amounts in € thousands, unless indicated otherwise.

1 Started his position as of January 1, 2013, appointed as member of the Board of Managing Directors on May 22, 2013.
2 Appointed as of April 26, 2012, started his position on March 19, 2012.
3 Appointed as of June 21, 2012.
4 Started his position as of December 1, 2012, appointed as member of the Board of Managing Directors on May 22, 2013.
5 Resigned as of April 26, 2012.
6 Member until September 19, 2012, Chairman as of the same date.
7 Appointed as of September 19, 2012.
8 Appointed as of September 19, 2012.
9 Appointed as of September 19, 2012.
10 Resigned as of September 19, 2012.
11 Resigned as of June 21, 2012.

Delft, March 27, 2014

Supervisory Board
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

	Note	2013	2012
Online		20,382	14,224
License		33,897	36,996
Maintenance and support		124,118	128,705
Service		34,784	37,163
Revenue	**6.5.7**	**213,181**	**217,088**
Revenue-related expenses	6.5.8	(13,546)	(13,706)
Personnel expenses	6.5.9	(117,471)	(123,935)
Marketing and sales		(11,346)	(8,423)
Other operating expenses other than depreciation and amortization	6.5.10	(23,465)	(28,914)
Operating result before interest, tax, depreciation, amortization and impairment (EBITDA)		**47,353**	**42,110**
Depreciation, amortization and impairment	6.5.13/6.5.14	(9,598)	(11,558)
Operating result before interest and tax (EBIT)		**37,755**	**30,552**
Finance income		710	1,216
Finance expenses		(503)	(1,983)
Net finance income/ (expenses)	**6.5.11**	**207**	**(767)**
Profit before tax		**37,962**	**29,785**
Income tax expense	6.5.12	(6,119)	(11,102)
Profit for the year		**31,843**	**18,683**
Other comprehensive income			
Items that are or may be reclassified to profit or loss:			
Foreign currency translation differences of foreign operations		(2,724)	(2,907)
Net change in fair value of cash flow hedges reclassified to profit or loss	6.5.11	-	1,610
Items that are or may be reclassified to profit or loss for the year		(2,724)	(1,297)
Other comprehensive income for the year, net of tax	**6.3**	**(2,724)**	**(1,297)**
Total comprehensive income for the year		**29,119**	**17,386**
Profit for the year attributable to:			
Equity holders of Exact	6.3	31,843	18,683
Total comprehensive income for the year attributable to:			
Equity holders of Exact	6.3	29,119	17,386
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	22,863	22,829
Basic earnings per share (in €)	6.5.20	1.40	0.82
Diluted earnings per share (in €)	6.5.20	1.39	0.82

Amounts in € thousands, unless indicated otherwise.

The notes on pages 90 – 129 are an integral part of these consolidated financial statements.

6.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

	Note	2013	2012
ASSETS			
Non-current assets			
Property, plant and equipment	6.5.13	**9,494**	10,492
Intangible assets and goodwill	6.5.14	**90,018**	91,181
Deferred tax assets	6.5.12	**4,456**	5,529
Long-term receivables and prepayments	6.5.15	**966**	1,605
Total non-current assets		**104,934**	**108,807**
Current assets			
Inventories		**14**	20
Trade receivables	6.5.16	**28,536**	30,436
Other receivables and prepaid expenses	6.5.17	**5,575**	6,203
Current tax assets		**1,585**	1,989
Cash and cash equivalents	6.5.18	**63,990**	58,156
Total current assets		**99,700**	**96,804**
Total assets		**204,634**	**205,611**
EQUITY AND LIABILITIES			
Share capital	6.5.19	**488**	488
Share premium	6.5.19	**64,758**	64,758
Reserves	6.5.19	**17,503**	15,398
Retained earnings	6.3	**19,841**	20,721
Shareholders' equity		**102,590**	**101,365**
Non-current liabilities			
Loans and borrowings	6.5.21	**3,061**	3,482
Provisions	6.5.22	**786**	683
Deferred tax liabilities	6.5.12	**6,549**	5,514
Total non-current liabilities		**10,396**	**9,679**
Current liabilities			
Deferred revenue	6.5.23	**57,846**	59,841
Provisions	6.5.22	**2,598**	6,180
Loans and borrowings	6.5.21	**1,288**	1,293
Accounts payable and other liabilities		**3,976**	3,353
Current tax liabilities		**3,670**	4,043
Other taxes and social securities		**10,656**	10,148
Accrued liabilities	6.5.23	**11,614**	9,709
Total current liabilities		**91,648**	**94,567**
Total liabilities		**102,044**	**104,246**
Total equity and liabilities		**204,634**	**205,611**

Amounts in € thousands, unless indicated otherwise.

The notes on pages 90 – 129 are an integral part of these consolidated financial statements.

6.3 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Translation reserve	Hedging reserve	Other reserves	Retained earnings	Total equity
Balance at January 1, 2012	**488**	**64,758**	**2,566**	**(1,610)**	**14,792**	**32,936**	**113,930**
Profit for the year	–	–	–	–	–	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	–	–	–	–	–	(19,851)	(19,851)
Interim dividend 2012	–	–	–	–	–	(10,040)	(10,040)
Share based payments	–	–	–	–	(60)	–	(60)
Balance at December 31, 2012	**488**	**64,758**	**(341)**	**–**	**15,739**	**20,721**	**101,365**

	Share capital	Share premium	Translation reserve	Hedging reserve	Other reserves	Retained earnings	Total equity
Balance at January 1, 2013	**488**	**64,758**	**(341)**	**–**	**15,739**	**20,721**	**101,365**
Profit for the year	–	–	–	–	–	31,843	31,843
Other comprehensive income	–	–	(2,724)	–	–	–	(2,724)
Total comprehensive income	**–**	**–**	**(2,724)**	**–**	**–**	**31,843**	**29,119**
Reserve for capitalized R&D	–	–	–	–	4,659	(4,659)	-
Dividend related to 2012	–	–	–	–	–	(12,777)	(12,777)
Interim dividend 2013	–	–	–	–	–	(15,287)	(15,287)
Share based payments	–	–	–	–	170	–	170
Balance at December 31, 2013	**488**	**64,758**	**(3,065)**	**–**	**20,568**	**19,841**	**102,590**

Amounts in € thousands, unless indicated otherwise.
The notes on pages 90 – 129 are an integral part of these consolidated financial statements.

6.4 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31

	Note	2013	2012
Cash flows from operating activities			
Profit before tax		**37,962**	29,785
Adjustments for:			
– Depreciation of property, plant and equipment	6.5.13	**2,986**	3,047
– Result on sale of property, plant and equipment		**(108)**	39
– Amortization of intangible assets	6.5.14	**6,720**	6,360
– Impairment losses on property, plant and equipment	6.5.13	**–**	56
– Impairment losses on intangible assets	6.5.14	**–**	2,057
– Net finance costs		**(326)**	(296)
– Result of divestments		**–**	(757)
– Impairment loss on trade receivables	6.5.16	**1,400**	2,158
– Changes in provisions (excluding income taxes)		**(3,288)**	4,345
– Other non-cash items		**218**	(44)
Changes in:			
– Deferred revenue	6.5.23	**(671)**	(1,688)
– Other current assets and liabilities, excluding income tax		**1,964**	(744)
Cash generated from operating activities		**46,857**	**44,318**
Interest received		**866**	1,183
Interest paid		**(255)**	(362)
Taxes paid		**(4,542)**	(4,573)
Net cash from operating activities		**42,926**	**40,566**
Cash flows from investment activities			
Proceeds of group companies disposed, net of cash		**–**	72
Capital expenditures on intangible assets	6.5.14	**(7,994)**	(4,012)
Capital expenditures on property, plant and equipment	6.5.13	**(1,518)**	(1,994)
Proceeds from disposal of property, plant and equipment		**162**	620
Proceeds from long-term receivables		**2,027**	318
Net cash used in investment activities		**(7,323)**	**(4,996)**
Cash flows from financing activities			
Dividend paid		**(28,064)**	(29,891)
Payment of finance lease liabilities		**(1,074)**	(960)
Cash flow from (used in) financing activities		**(29,138)**	**(30,851)**
Net increase/(decrease) in cash and cash equivalents		**6,465**	**4,719**
Cash and cash equivalents at January 1		**58,156**	53,786
Effect of exchange rate fluctuations on cash held		**(631)**	(349)
Closing balance cash and cash equivalents	**6.5.18**	**63,990**	**58,156**

Amounts in € thousands, unless indicated otherwise.
The notes on pages 90 – 129 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 2013 financial statements were prepared by the Board of Managing Directors and approved by the Supervisory Board on March 27, 2014 and will be submitted for adoption to the Annual General Meeting of Shareholders on May 21, 2014.

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, 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, 2013. 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.

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.

6.5.3 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 (in random order):

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, the manner in which the asset is expected to be realized, 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 2013 and 2012, Exact worked on the development of new versions and functionalities of several of its product lines, mainly Exact Online, but also Longview, Exact Synergy and Exact Globe. 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. In 2013, an amount of € 8.0 million was capitalized (2012 € 4.0 million).

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, 2013, intangible assets, excluding goodwill, amount to € 30.2 million (2012: € 29.8 million) and represented 14.8% (2012: 14.5%) 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
Judgment is exercised in determining the valuation of the trade receivables. Exact performs ongoing credit 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, 2013, the provision for doubtful accounts decreased by € 0.3 million to € 5.4 million (2012: € 5.7 million).

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

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 deductions claimed 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. Exact uses a 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.

6.5.4 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.

Comparative figures 2012
Effective 2013, the proceeds from long-term receivables are presented as cash flows from investment activities in the consolidated statement of cash flows. In the previous year these proceeds were presented as cash flows from financing activities. The comparative figures have been restated for comparison purposes.

Following changes in 2013 to Exact's internal structure and reporting to the Board of Managing Directors (the Chief Operating Decision Maker), the segment reporting has been changed, including the comparative figures as at December 31, 2012. Refer to Note 6.5.7 for further details.

Certain comparative figures for the disclosure note 6.5.8 Revenue-related expenses, 6.5.12 Income tax and note 6.5.24 Financial instruments were restated to align with 2013 reporting.

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 which is recognized in other comprehensive income arising from the retranslation of:

- 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. When Exact disposes of a foreign operation, to the extent that it loses control or significant influence, 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 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 may enter into 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.

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.

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 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 normally deferred and recognized as revenue ratably over the contract period. Exact recognizes the revenue upfront if the time-based licenses can be accounted for as a separate element and a non-cancellable contract is signed which permits the licensee to exploit those rights freely and Exact has no remaining obligations to perform with regards to delivery of the license.

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 normally 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 are 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.

6.5.5 NEW STANDARDS AND INTERPRETATIONS

Implications of new and amended standards and interpretations
The following standards have been applied in the 2013 consolidated financial statements.

- IAS 1 'Financial statements presentation' has been amended regarding the other comprehensive income. Items in the 'Consolidated Statement of Other Comprehensive Income' are now grouped on the basis of whether or not they will be reclassified subsequently to the Consolidated Statement of Profit or Loss. This amendment only impacts presentation.
- IFRS 13 'Fair value measurement' becomes the single source of guidance on IFRS for all fair value measurements. This standard did not have material impact on Exact's financial statements.
- IFRS 7 'Financial instruments: disclosures' has been amended regarding offsetting of assets and liabilities. This standard does not impact Exact and consequently no new disclosures regarding offsetting of assets and liabilities are included.

Other amendments to existing standards effective for the year 2013 do not have a significant impact on Exact's consolidated financial statements.

Future implications of new and amended standards and interpretations
The following new standards and interpretations and amendments to existing standards will become effective on or after January 1, 2014.

These standards have not been applied in preparing these 2013 Consolidated Financial Statements.

- 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 European Union.
- IAS 36 'Impairment of assets' has been amended regarding disclosure requirements for the recoverable amount of non-financial assets. Certain disclosure requirements of the recoverable amount of the CGU have been removed from IAS 36 as these are now covered by IFRS 13. This amendment is effective January 1, 2014 and has been endorsed by the European Union. The impact is expected to be limited to disclosures.
- IFRIC 21 'Levies' provides guidance in addition to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on how to account for levies posed by governments other than income taxes, specifically on when to account for the liability. This IFRIC is effective as of January 1, 2014 and will be applied by Exact when endorsed. No material impact is expected.
- The following standards have an effective date of January 1, 2013 and are not yet implemented due to the timing of their endorsement by the European Union: IFRS 10 'Consolidated financial statement', IFRS 11 'Joint arrangements', IFRS 12 'Disclosures

of interests in other entities'. The introduction of these new standard will not change Exact´s financial position.

6.5.6 DETERMINATION OF FAIR VALUES

A number of Exact's accounting policies and disclosures require the determination of fair value, for both monetary and non-monetary 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.

6.5.7 OPERATING SEGMENTS

As of 2013, Exact presents its segment reporting in line with the new business unit structure, including Cloud Solutions and Business Solutions, as the organization was transformed from a geographical matrix organization, into an organization with end-to-end business units. Furthermore, the allocation methodology for Global functions expenses was revised to realize an improved alignment with the actual usage by the business units. The comparative information for 2012 has been restated.

Based on Exact's internal management reporting to the Board of Managing Directors, the reportable segments are determined as follows: Cloud Solutions, Business Solutions, Americas, Longview and Other. Intersegment pricing is determined on an arm's length basis. The America´s reportable segment consists of 3 operating segments: Exact JobBOSS, Exact MAX and Exact Macola. Based on their economic characteristics, products and regulatory environment these operating segments are presented as a single reportable segment.

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 for an amount of € 4,456 (December 31, 2012: € 5,529). Exact does not rely on one or more major customers for its revenue.

Segment information for the year ended December 31, 2013

	Cloud Solutions	Business Solutions	Americas	Longview	Other	Corporate	Total
Revenue	20,658	114,863	45,439	20,725	11,496	–	**213,181**
EBITDA	(11,712)	53,191	13,092	(252)	915	(7,881)	**47,353**
Operating income	(13,464)	49,545	12,271	(3,615)	801	(7,783)	**37,755**
Depreciation	840	1,550	284	209	103	(108)	**2,878**
Amortization	912	2,096	537	3,154	11	10	**6,720**
Impairment of property, plant and equipment and intangibles	–	–	–	–	–	–	**–**

Segment information for the year ended December 31, 2012

	Cloud Solutions	Business Solutions	Americas	Longview	Other	Corporate	Total
Revenue	14,720	119,782	48,352	21,326	12,908	–	**217,088**
EBITDA	(5,316)	47,352	15,202	(1,524)	1,668	(15,272)	**42,110**
Operating income	(6,668)	43,445	14,288	(4,742)	1,580	(17,351)	**30,552**
Depreciation	812	1,741	269	187	77	(39)	**3,047**
Amortization	540	2,110	645	3,031	–	34	**6,360**
Impairment of property, plant and equipment and intangibles	–	56	–	–	2,057	–	**2,113**

Amounts in € thousands, unless indicated otherwise.

Revenue

	2013	2012
The Netherlands	99,528	97,453
North America	65,572	67,499
Germany	14,679	14,646
Belgium	8,916	8,856
Spain	4,452	5,410
United Kingdom	2,687	4,024
Other Western European countries	1,869	1,791
Eastern Europe	5,137	5,504
Latin America	2,822	3,220
Asia/Pacific, including Middle East	7,519	8,685
Total revenue	**213,181**	**217,088**

Amounts in € thousands, unless indicated otherwise.

Non-current assets

	2013	2012
The Netherlands	30,740	28,896
North America	60,514	64,877
Germany	372	239
Belgium	4,825	4,852
Spain	158	214
United Kingdom	1,313	1,498
Other Western European countries	511	1,044
Eastern Europe	206	252
Latin America	15	45
Asia/Pacific, including Middle East	1,824	1,361
Total non-current assets	**100,478**	**103,278**

6.5.8 REVENUE-RELATED EXPENSES

Revenue-related expenses are summarized below.

	2013	2012
Commissions and cost of resellers	6,462	6,806
Cost of hardware and third-party software	5,000	5,077
Shipping and packaging	179	225
Other revenue-related expenses	1,905	1,598
Total	**13,546**	**13,706**

Amounts in € thousands, unless indicated otherwise.

6.5.9 PERSONNEL EXPENSES

Personnel expenses are summarized below.

	2013	2012
Support	**88,833**	96,390
Services	**8,522**	8,563
Research and development	**687**	750
Sales and marketing	**5,316**	5,455
Operations support and General Management	**14,113**	12,777
Total	**117,471**	**123,935**

Amounts in € thousands, unless indicated otherwise.

Employees per functional category as at December 31

	2013	2012
Support	**20%**	19%
Services	**15%**	16%
Research and development	**30%**	29%
Sales and marketing	**20%**	21%
Operations support and General Management	**15%**	15%
Total	**100%**	**100%**

In 2013, Exact's average number of employees was 1,679 FTEs (full-time equivalent) (2012: 1,779 FTEs). At December 31, 2013 Exact employed 1,731 FTEs (2012: 1,653 FTEs).

In the years 2013 and 2012, the personnel expenses for research and development were respectively € 27,269 and € 26,398. These amounts represent respectively 23.2% and 21.3% of the total personnel expenses in each of those years. Of these personnel expenses an amount of € 19,355 (2012: € 22,620) relating to R&D has been recorded in the profit and loss account and an amount of € 7,914 (2012: € 3,778) 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.

	2013	2012
Travel and accommodation	**6,533**	6,893
Voice and infrastructure	**3,569**	3,981
Housing and office	**8,090**	8,984
Provision for impairment of trade receivables	**1,400**	2,158
Professional services and other general expenses	**3,873**	6,898
Total	**23,465**	**28,914**

Amounts in € thousands, unless indicated otherwise.

6.5.11 FINANCE INCOME AND FINANCE EXPENSES

Finance income and finance costs include the following:

	2013	2012
Interest income	**581**	1,086
Interest expenses	**(255)**	(269)
Exchange rate differences	**(248)**	(104)
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	**129**	(627)
Total	**207**	**(767)**

Amounts in € thousands, unless indicated otherwise.

6.5.12 INCOME TAX

Exact's Dutch statutory tax rate is 25%, but Exact is subject to corporate income taxes in all jurisdictions where it conducts business. The applicable statutory tax rates in these countries range from 16.5% to 40.1%.

Income tax expense

	2013	2012
Current income tax	**4,367**	13,374
Changes in deferred taxes	**1,752**	(2,272)
Income tax expense	**6,119**	**11,102**

Amounts in € thousands, unless indicated otherwise.

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

	2013	2013	2012	2012
Profit before tax	**37,962**	**–**	29,785	–
Tax expense at Dutch statutory tax rate	**9,490**	**25.0%**	7,446	25.0%
Effect of tax rates in foreign jurisdictions	**914**	**2.4%**	801	2.7%
Sale of Longview IP [1]	**–**	**–**	6,915	23.2%
Effect of application of Dutch Innovation tax facilities [2]	**(1,906)**	**(5.0)%**	(1,942)	(6.5)%
Non-deductible expenses	**172**	**0.5%**	172	0.6%
Changes in tax rate [3]	**(5)**	**(0.0)%**	3,164	10.6%
(De)recognition deductible temporary differences [4]	**(310)**	**(0.8)%**	(5,715)	(19.2)%
Movement in previously (un)recognized tax losses	**(409)**	**(1.1)%**	119	0.4%
Adjustments previous years	**(310)**	**(0.8)%**	795	2.7%
Exempt income [5]	**(1,229)**	**(3.2)%**	(624)	(2.1)%
Other	**(288)**	**(0.8)%**	(29)	(0.1)%
Effective tax rate	**6,119**	**16.1%**	**11,102**	**37.3%**

Amounts in € thousands, unless indicated otherwise.

1 In 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%.

2 Exact benefits from Dutch innovation tax facilities (the Innovation Box). As a result of the application of these innovation tax facilities, a portion of the Dutch eligible EBIT is effectively taxable at 5% instead of at the statutory rate.

3 The changes in tax rate for 2012 relate to the inclusion of the Dutch Innovation tax facilities in the previous years' at the 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 In 2012, the intellectual property of the Longview software was transferred to Longview Solutions Inc., which is an intragroup transaction. Profits and losses resulting from intragroup transactions are eliminated in full for consolidation purposes. The temporary differences that arose from the elimination of profits and losses led to recognition of a deferred tax asset in the amount of € 3.7 million.

5 A part of finance income qualifies as tax exempt under the Dutch participation exemption.

Deferred income tax assets and liabilities

The maturity of deferred tax assets is shown below.

	2013	2012
Deferred tax assets to be recovered after more than 12 months	**2,247**	4,876
Deferred tax assets to be recovered within 12 months	**2,209**	653
Total	**4,456**	**5,529**

Amounts in € thousands, unless indicated otherwise.

The maturity of deferred tax liabilities is shown below.

	2013	2012
Deferred tax liabilities to be settled after more than 12 months	**5,189**	5,504
Deferred tax liabilities to be settled within 12 months	**1,360**	10
Total	**6,549**	**5,514**

Amounts in € thousands, unless indicated otherwise.

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2013	Liabilities 2013	Net 2013	Assets 2012	Liabilities 2012	Net 2012
Property, plant and equipment	193	(470)	(277)	240	(512)	(272)
Intangible assets*	2,829	(6,702)	(3,873)	4,066	(5,711)	(1,645)
Deferred revenue	475	–	475	457	-	457
Provisions for bad debt	457	–	457	514	-	514
Other items	797	(235)	562	570	(264)	306
Tax loss carry-forwards	563	–	563	655	-	655
Tax (assets) / liabilities	5,314	(7,407)	(2,093)	6,502	(6,487)	15
Set off of tax	(858)	858	–	(973)	973	-
Net tax (assets) / liabilities	4,456	(6,549)	(2,093)	5,529	(5,514)	15

Amounts in € thousands, unless indicated otherwise.

* The increase in the deferred taxes attributable to intangible assets amounts to € 2.2 million. In 2013, following an accelerated amortization, Longview Solutions Inc. realized a financial loss for fiscal purposes, which allowed the company to retrieve previously paid taxes over the years 2009-2012 leading to the realization of a deferred tax asset of € 1.6 million. Additionally, differences in the amortization period of capitalized R&D resulted in an increase in the deferred tax liabilities of € 1.2 million to € 3.0 million (2012: € 1,8 million).

As at December 31, 2013, Exact had estimated tax losses carried forward of € 2.4 million (per December 31, 2012: € 2.6 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 € 12.4 million (per December 31, 2012: € 14.3 million), including € 0.6 million (per December 31, 2012: € 1.0 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 five years to indefinitely. Losses of the entities which are in the process of being liquidated will expire as of the effectuated liquidation date.

6.5.13 PROPERTY, PLANT AND EQUIPMENT

	Building and leasehold improvements	Transportation	Hardware	Other fixed assets	Total
At January 1, 2012					
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**
Additions	136	946	1,137	245	**2,464**
Disposals	(25)	(293)	(13)	(14)	**(345)**
Depreciation	(293)	(910)	(1,264)	(519)	**(2,986)**
Impairment	–	–	–	–	**–**
Net currency translation adjustments	(16)	–	(93)	(22)	**(131)**
Changes in book value	**(198)**	**(257)**	**(233)**	**(310)**	**(998)**
At December 31, 2013					
Purchase value	4,164	6,372	12,701	5,224	**28,461**
Cumulative depreciation	(1,956)	(2,125)	(10,649)	(4,237)	**(18,967)**
Book value	**2,208**	**4,247**	**2,052**	**987**	**9,494**

Amounts in € thousands, unless indicated otherwise.

Transportation includes investments and disposals in lease cars qualifying as financial lease liabilities in the amount of € 946 and € 293 respectively.

These non-cash movements are excluded from the investment activities in the Cash flow statement.

6.5.14 INTANGIBLE ASSETS AND GOODWILL

The movements in intangible assets are summarized below.

	Goodwill	Contract base	Purchased software	Internally generated software	Intellectual property	Distribution rights	Total
At January 1, 2012							
Purchase value	82,884	22,269	1,808	16,993	14,445	475	**138,874**
Cumulative amortization	(18,379)	(12,301)	(1,723)	(2,308)	(6,103)	(99)	**(40,913)**
Book value	**64,505**	**9,968**	**85**	**14,685**	**8,342**	**376**	**97,961**
Additions	–	–	234	3,778	–	–	**4,012**
Adjustment earn-out provisions	(788)	–	–	–	–	–	**(788)**
Amortization	–	(1,980)	(63)	(2,771)	(1,427)	(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**	**(1,873)**	**(119)**	**(6,780)**
At December 31, 2012							
Purchase value	79,437	21,740	2,042	20,423	14,099	475	**138,216**
Cumulative amortization	(18,007)	(14,198)	(1,787)	(5,195)	(7,630)	(218)	**(47,035)**
Book value	**61,430**	**7,542**	**255**	**15,228**	**6,469**	**257**	**91,181**
Additions	–	–	80	7,914	–	–	**7,994**
Adjustment earn-out provisions	(128)	–	–	–	–	–	**(128)**
Amortization	–	(1,865)	(162)	(3,255)	(1,320)	(118)	**(6,720)**
Impairments	–	–	–	–	–	–	**–**
Net currency translation adjustment	(1,484)	(198)	(10)	(337)	(280)	–	**(2,309)**
Changes in book value	**(1,612)**	**(2,063)**	**(92)**	**4,322**	**(1,600)**	**(118)**	**(1,163)**
At December 31, 2013							
Purchase value	77,105	21,324	2,022	28,145	12,697	475	**141,768**
Cumulative depreciation	(17,287)	(15,845)	(1,859)	(8,595)	(7,828)	(336)	**(51,750)**
Book value	**59,818**	**5,479**	**163**	**19,550**	**4,869**	**139**	**90,018**

Amounts in € thousands, unless indicated otherwise.

In 2013, Exact capitalized development costs amounting to € 7,914 (2012: € 3,778). Internally generated software related to Exact Online with an investment value of € 4,399 (2012: € 1,077) and internally generated software related to Longview with an investment value of € 300 (2012: € 5,749) were established for use in 2013. As at December 31, 2013, internally generated software amounting to € 5,625 (2012: 2,187) had not yet been established for use.

The carrying amount of the intangible assets includes, among others, an amount of € 3,693 (2012: € 5,204) related to the intellectual property of the software suite Longview and an amount of € 2,957 (2012: € 3,339) related to the contract base of Longview.

Impairment testing for Cash Generating Units (CGUs) containing goodwill

	2013	2012
Business Solutions	**15,429**	15,429
Exact Macola	**19,928**	20,757
Exact JoBBOSS	**16,899**	17,601
Exact MAX	**6,354**	6,619
Longview	**1,208**	1,024
Total	**59,818**	**61,430**

Amounts in € thousands, unless indicated otherwise.
Before allocation of Global functions.

EBITDA margin

	2013
Business Solutions	**49.1%**
Exact Macola	**29.3%**
Exact JoBBOSS	**37.1%**
Exact MAX	**28.7%**
Longview	**12.5%**

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 6.5.7 Operating segments.

The carrying amounts of goodwill allocated to each CGU are shown in the table above.

The 2012 comparative numbers have been restated to reflect the change in operating segments.

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.

EBITDA margin

The EBIDTA margin assumed for a CGU's operations is primarily based on past performance and/ or the latest long-range plans. EBITDA margins are increased over the forecast period for anticipated efficiency improvements. The average long-term EBITDA margins applied to CGUs are shown in the table above.

Pre-tax discount rate

	2013
Business Solutions	13.2%
Exact Macola	17.7%
Exact JoBBOSS	15.7%
Exact MAX	18.4%
Longview	11.3%

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 shown in the table above.

Terminal value growth rates
Terminal value growth rates are based on a conservative management's assessment of how the unit's position will change in the forecast period. The terminal value growth rates applied to the CGUs range from (2.0)% to 2.0%. For 2012 a single terminal value growth rate of 2.0% was used for 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.

6.5.15 LONG-TERM RECEIVABLES AND PREPAYMENTS

At the balance sheet date, the long-term receivables amounted to € 613 (2012: € 1,180) and the long-term prepayments amounted to € 353 (2012: € 425). The long-term receivables amounting to € 613 relates to a vendor loan that 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.

Long-term receivables

Maturity	2013	2012
≤ 1 year	300	1,580
> 1 year and ≤ 2 years	313	440
> 2 year and ≤ 5 years	300	740
> 5 years	–	–
Total	**913***	**2,760**

* The amount of € 913 includes the current part of the long-term receivables amounting to € 300 (2012: €1,580), which is classified as other receivables and prepaid expenses. See also note 6.5.17.

Market risk is expected to be in line with the interest percentages of 5.0% on the loan. Consequently, the nominal value of the loan equals its fair value. Exposure of the long-term receivables to the contractual repayment dates.

The long-term prepayment, amounting to € 353 (2012: € 425), 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. Trade receivables are non-interest bearing and are generally on 30-day terms. Exact recognized an expense of € 1,400 (2012: € 2,158) for the impairment of its trade receivables during the year ending December 31, 2013. 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, 2013.

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.

Trade receivables

	2013	2012
Trade receivables	**33,896**	36,179
Provisions for trade receivables	**(5,360)**	(5,743)
Net trade receivables	**28,536**	30,436

Amounts in € thousands, unless indicated otherwise.

Ageing analysis of trade receivables as at December 31

	2013	2012
Neither past due nor impaired	**13,559**	11,559
< 30 days	**7,535**	9,425
30 – 90 days	**3,828**	5,095
90 – 360 days	**3,067**	3,951
> 360 days	**547**	406
Total	**28,536**	**30,436**

Amounts in € thousands, unless indicated otherwise.

Movements in the provisions for impairment of trade receivables

	Individually impaired	Collectively impaired	Total
At January 1, 2012	**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**
Reassignment from collectively to individually	715	(715)	**-**
Charge for the year	1,998	378	**2,376**
Utilized	(1,405)	(225)	**(1,630)**
Unused amounts reversed	(842)	(134)	**(976)**
CTA	(116)	(37)	**(153)**
At December 31, 2013	**4,712**	**648**	**5,360**

Amounts in € thousands, unless indicated otherwise.

Other receivables and prepaid expenses

	2013	2012
Prepaid expenses	**3,821**	3,481
Other receivables	**968**	2,076
Accrued revenue	**786**	646
Total	**5,575**	**6,203**

Amounts in € thousands, unless indicated otherwise.

6.5.17 OTHER RECEIVABLES AND PREPAID EXPENSES

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

Prepaid expenses include prepaid rent, prepaid insurance premiums and prepaid lease instalments. 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

Basic earnings per share

	2013	2012
Profit attributable to equity holders of Exact	**31,843**	18,683
Weighted average number of ordinary shares outstanding (thousands)	**22,817**	22,817
Basic earnings per share (€ per share)	**1.40**	0.82

Amounts in € thousands, unless indicated otherwise.

Diluted earnings per share

	2013	2012
Profit attributable to equity holders of Exact	**31,843**	18,683
Weighted average number of ordinary shares outstanding (thousands)	**22,817**	22,817
Adjustment for share-based payments (thousands)	**46**	12
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**22,863**	22,829
Diluted earnings per share (€ per share)	**1.39**	0.82

Amounts in € thousands, unless indicated otherwise.

months, depending on Exact's immediate cash requirements. The average interest rate on short-term deposits as at December 31, 2013 was 0.9% (2012: 1.8%).

The short-term deposits at year end amounted to € 10,618 (2012: € 7,513).

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 (2012: 24,400,405) ordinary shares outstanding, which are fully paid. Exact holds 1,583,744 (2012: 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 2013 (2012: 0). Other reserves include a reserve pertaining to the share-based compensation of the Board of Managing Directors of € 217 (2012: €47) and a reserve for the capitalized internally generated software of € 20,351 (2012: € 15,692).

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.

Finance lease liabilities

	Future minimum lease payments 2013	Interest 2013	Present value of minimum lease payments 2013	Future minimum lease payments 2012	Interest 2012	Present value of minimum lease payments 2012
Less than one year	1,355	67	1,288	1,358	65	1,293
Between one and five years	3,445	384	3,061	3,945	463	3,482
More than five years	–	–	–	–	–	–
Total	**4,800**	**451**	**4,349**	**5,303**	**528**	**4,775**

Amounts in € thousands, unless indicated otherwise.

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.

6.5.21 LOANS AND BORROWINGS

Lease liabilities
Finance lease liabilities are payable as above.

Credit facility
Exact has a revolving credit facility which is committed and unsecured for an amount of € 10 million and uncommitted and unsecured for an amount of € 30 million. This 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.

Exact also has an uncommitted overdraft facility for a total amount of € 8.5 million and an uncommitted bank guarantee 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.

Provisions

	Restrucuring	Tax contingencies	Earnouts and related liabilities	Other provisions	Total
At January 1, 2013	**2,413**	**3,298**	**133**	**1,019**	**6,863**
Additional provisions	–	467	–	303	770
Payments in cash	(2,266)	(378)	–	(126)	(2,770)
Release	(148)	(670)	(128)	(381)	(1,327)
Other movements	–	–	–	28	28
Net currency translation adjustment	8	(153)	(5)	(30)	(180)
At December 31, 2013	**7**	**2,564**	**–**	**813**	**3,384**
Non-current provisions	7	–	–	779	786
Current provisions	–	2,564	–	34	2,598
Total	**7**	**2,564**	**–**	**813**	**3,384**

Amounts in € thousands, unless indicated otherwise.

6.5.22 PROVISIONS

The movements in provisions are summarized above. As at December 31, 2012 the non-current provisions amounted to € 683 and the current provisions amounted to € 6,180.

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.

Other provisions
Other provisions pertain mainly to provisions for legal claims and dilapidations. Provisions for legal claims at December 31, 2013 and 2012 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 6.5.4, 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 2013 and that renew in the next financial year will be recognized in 2014. Insofar as the customer paid in advance for agreements that are due for renewal in 2014, the value of the agreement was treated in its entirety as a liability under 'deferred revenue'.

Accrued liabilities
Accrued liabilities consist of the following:

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

Deferred revenue position at the balance sheet date

	2013	2012
Maintenance and support and time-based license fees	55,299	57,226
Services	1,971	1,866
Pre-invoiced license fees	576	749
Total	**57,846**	**59,841**

Amounts in € thousands, unless indicated otherwise.

Accrued liabilities

	2013	2012
Holiday allowance, holidays, salaries and employee bonuses	7,019	4,981
Other	4,595	4,728
Total	**11,614**	**9,709**

Amounts in € thousands, unless indicated otherwise.

Credit risk

	Note	2013	2012
Long-term receivables	6.5.15	**613**	1,180*
Trade receivables	6.5.16	**28,536**	30,436
Other receivables	6.5.17	**1,754**	2,722*
Cash and cash equivalents	6.5.18	**63,990**	58,156
Total		**94,893**	**92,494**

Amounts in € thousands, unless indicated otherwise.
* Restated for comparison purposes.

Compliance (second line of defense) and Internal Audit (third line of defense). In 2012, Exact implemented the risk control framework in its current format, which includes a set of key-controls with the ultimate goal to support realization of Exact's overall financial risk management objectives. In 2013, the focus for the Risk Control Framework has been 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 above.

Long-term receivables
The long-term receivables comprise a vendor loan. 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
Other receivables consists of receivables and accrued revenue related to services performed by Exact that have not yet been invoiced to the customer. All other receivables are outstanding with creditworthy third parties.

Cash and cash equivalents
Exact holds cash and cash equivalents of € 63,990 (2012: € 58,156) as at December 31, 2013, 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 table on page 124 shows the contractual maturities of financial liabilities including estimated interest payments and excluding the impact of netting agreements.

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.

Currency risk
Exact is exposed to currency rate fluctuations that could have an adverse effect on its financial condition and results. Currency risks are managed in accordance with Group polices and require Group companies to manage the currency risks against their functional currency. Objective is to minimize the impact on the profit for the year. Exact accepts that revenues and cost levels on their own may be impacted by fluctuations in the currency rates. Where possible, natural hedges are established (balancing of debits and credits on monetary items in foreign currencies) to mitigate these exposures. The remaining currency rate risks may be hedged by Corporate treasury. The Group does not hedge its translation exposure arising from Group companies with a functional currency different from the Euro and accepts the financial risk in the other comprehensive income.

Exact conducts business in euros and in foreign currencies. Since the reporting 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 2013, 39.3% (2012: 41.0%) of revenue and 43.1% (2012: 46.6%) of operating expenses is denominated in currencies other than euros.

A significant portion of Exact's revenue is realized in US dollars. Although in 2013 Exact generated approximately 27.5% (2012: 28.0%) 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 natural hedges through expenses in US dollars and/or expenses in currencies fluctuating in line with the US dollar.

Non-derivative financial liabilities

December 31, 2013	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	4,349	4,800	309	1,046	1,049	2,396	–
Earn-out provision	–	–	–	–	–	–	–
Accounts payable and other liabilities	3,976	3,976	3,976	–	–	–	–
Accrued liabilities	11,614	11,614	11,614	–	–	–	–
Total	**19,939**	**20,390**	**15,899**	**1,046**	**1,049**	**2,396**	**–**

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	–	–	–	–
Accrued liabilities	9,709	9,709	9,709	–	–	–	–
Total	**17,970**	**18,497**	**13,384**	**1,169**	**1,185**	**2,759**	**–**

Amounts in € thousands, unless indicated otherwise.

Currencies of importance

	December 31, 2013	Average 2013	December 31, 2012	Average 2012
EUR / USD	**1.38**	**1.33**	1.32	1.29
EUR / CAD	**1.47**	**1.37**	1.32	1.29
EUR / GBP	**0.84**	**0.85**	0.82	0.81
EUR / MYR	**4.54**	**4.20**	4.11	3.98

Sensitivity analysis

	Changes in € to US$ rate	Effect on total revenue	Effect on trade receivables	Effect on profit or loss	Effect on equity
2013	**+ $0.10**	**4,779**	**713**	**304**	**4,411**
	– $0.10	**(4,110)**	**(616)**	**(261)**	**(3,814)**
2012	+ $0.10	5,121	795	95	3,615*
	– $0.10	(4,382)	(683)	(81)	(3,106)*

* Restated for comparison purposes.

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.

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.

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 Annual General Meeting on May 21, 2014, a final dividend of € 0.73 per share. Combined with the interim dividend of € 0.67 distributed in August 2013, this brings the annual dividend per share to € 1.40.

Exact's dividend policy is to issue dividends at 100% of net income unless the year-end cash position after deduction of the proposed final dividend is lower than € 40 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.

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

	Note	€	US$	Other currencies	Carrying amount €
Year ended December 31, 2013					
Long-term receivables	6.5.15	100%	0%	0%	613
Trade and other receivables	6.5.16/ 6.5.17	44%	32%	24%	30,290
Cash and cash equivalents	6.5.18	80%	8%	12%	63,990
Earn-out provision	6.5.22	0%	0%	0%	-
Finance lease liability	6.5.21	96%	0%	4%	(4,349)
Accounts payable and other liabilities	6.2	74%	16%	10%	(3,976)
Accrued liabilities	6.5.23	45%	43%	12%	(11,614)
At December 31, 2012					
Long-term receivables	6.5.15	100%	0%	0%	1,180
Trade and other receivables	6.5.16/ 6.5.17	49%	34%	27%	32,512
Cash and cash equivalents	6.5.18	85%	6%	9%	58,156
Earn-out provision	6.5.22	0%	100%	0%	(133)
Finance lease liability	6.5.21	94%	0%	6%	(4,775)
Accounts payable and other liabilities	6.2	87%	3%	10%	(3,353)
Accrued liabilities	6.5.23	13%	39%	48%	(9,709)

Amounts in € thousands, unless indicated otherwise.

ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

Fair values and carrying amounts
Set out on page 127 is a comparison by category and fair values of all of Exact's financial instruments that are carried in the financial statements.

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, 2013, the carrying amount of the long-term receivables was not significantly different from their fair value.

Fair value hierarchy
As at December 31, 2013, and during the year Exact held no financial instruments carried at fair value, consequently there were no transfers between the levels of fair value measurements.

Fair values and carrying amounts

December 31, 2013	Fair value – hedging instruments	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
Assets					
Long-term receivables	–	613	–	613	613
Trade and other receivables	–	30,290	–	30,290	30,290
Cash and cash equivalents	–	63,990	–	63,990	63,990
Total	**–**	**94,893**	**–**	**94,893**	**94,893**
Liabilities					
Earn-out provision	–	–	–	–	–
Finance lease liability	–	–	4,349	4,349	4,349
Accounts payable and other liabilities	–	–	3,976	3,976	3,976
Accrued liabilities	–	–	11,614	11,614	11,614
Total	**–**	**–**	**19,939**	**19,939**	**19,939**

December 31, 2012	Fair value – hedging instruments	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
Assets					
Long-term receivables	–	1,180	–	1,180	1,180
Trade and other receivables	–	32,512	–	32,512	32,512
Cash and cash equivalents	–	58,156	–	58,156	58,156
Total	**–**	**91,848**	**–**	**91,848**	**91,848**
Liabilities					
Earn-out provision	–	–	133	133	133
Finance lease liability	–	–	4,775	4,775	4,775
Accounts payable and other liabilities	–	–	3,352	3,352	3,352
Accrued liabilities	–	–	9,709	9,709	9,709
Total	**–**	**–**	**17,969**	**17,969**	**17,969**

Amounts in € thousands, unless indicated otherwise.

Future aggregate minimum lease payments under non-cancellable operating leases

	2013	2012
No longer than one year	**8,463**	9,160
Longer than one year and not longer than five years	**17,006**	16,834
Longer than five years	**15,002**	14,070
Total	**40,471**	**40,064**

Amounts in € thousands, unless indicated otherwise.

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.

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, 2013, Exact had issued a total amount of € 1,154 (2012: € 1,181) for guarantees. This 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, 2013, 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 78-83 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.

6.5.28 GROUP ENTITIES

The consolidated financial statements for 2013 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.
- Exact Maatwerk B.V.
- Exact Retail B.V.

Europe
- 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[3]
- Exact Software Ireland Ltd., Dublin, Ireland[4]
- Exact Software Poland Sp. zo.o., Warsaw, Poland
- Exact Software Iberia, S.L., Madrid, Spain
- Exact Software (UK) Ltd., Staines, Middlesex, United Kingdom[6]
  - Longview Solutions Ltd., Staines, Middlesex, United Kingdom
  - Runservicenet Ltd., Staines, Middlesex, United Kingdom

Asia
- Exact Software (Shanghai) Co., Ltd., Shanghai, China
- Exact Software Hong Kong, Ltd., Hong Kong[7]
- PT Exact Software Indonesia, Jakarta, Indonesia[7/8]
- 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[7]
- Macola (M) Sdn. Bhd., Petaling Jaya, Malaysia[7]
- Exact Software Philippines, Inc., Manila, Philippines[7]
- Exact Software Singapore PTE Ltd., Singapore
- Exact Software (Vietnam) Ltd., Ho Chi Minh City, Vietnam[7]

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
  - Exact Software ERP-NA, LLC, Dover, Delaware,United States of America
  - Longview of America, LLC, Dover, Delaware, United States of America
  - Vanguard Solutions Group, LLC, Dover, Delaware, United States of America
- 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[9]
- Exact Software (Antilles) N.V., Curaçao, Netherlands Antilles

Africa and the Middle East
- Exact Software Maroc SARL, Casablanca, Morocco[7]
- Exact Software South-Africa (Pty.) Ltd., Centurion, South Africa[7]

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

Branches/Trade name
- 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 Merged with Exact Software Nederland B.V. as per January 3, 2013.
3 The Company was liquidated as per February 28, 2013.
4 The Company was liquidated as per April 29, 2013.
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 Wholly owned subsidiary of Exact International Development B.V.
7 The business was terminated and the office is closed. The Company is in the process of being liquidated.
8 25% of the shares are held by Exact EMEA B.V.Software Nederland B.V.
9 Wholly owned subsidiary of Exact Asia Development Centre Sdn. Bhd, Kuala Lumpur, Malaysia.

6.6 COMPANY BALANCE SHEET AS AT DECEMBER 31

	Note	2013	2012
ASSETS			
Non-current assets			
Financial fixed assets	6.8.3	**385,261**	356,066
Total non-current assets		**385,261**	**356,066**
Current assets			
Other receivables and prepayments		**66**	41
Cash and cash equivalents	6.8.4	**1,435**	614
Total current assets		**1,501**	**655**
Total assets		**386,762**	**356,721**
EQUITY AND LIABILITIES			
Share capital	6.8.5	**488**	488
Share premium	6.8.5	**64,758**	64,758
Legal reserves	6.8.5	**17,286**	15,351
Other reserves	6.8.5	**217**	47
Retained earnings	6.8.5	**3,285**	12,078
Unappropriated result	6.8.5	**16,556**	8,643
Shareholders' equity	**6.8.5**	**102,590**	**101,365**
Current liabilities			
Provisions		**52**	–
Accounts payable and other liabilities		**403**	317
Payables to group companies	6.8.6	**278,568**	250,001
Current tax liability		**3,162**	3,460
Other taxes and social securities		**180**	46
Accrued liabilities		**1,807**	1,532
Total current liabilities		**284,172**	**255,356**
Total equity and liabilities		**386,762**	**356,721**

Amounts in € thousands, unless indicated otherwise.

6.7 COMPANY INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31

	2013	2012
Income from subsidiaries after taxes	**31,919**	18,543
Other income after taxes	**(76)**	140
Net income	**31,843**	**18,683**

Amounts in € thousands, unless indicated otherwise.

6.8 NOTES TO THE COMPANY FINANCIAL STATEMENTS

6.8.1 GENERAL

The company financial statements are part of the 2013 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 page 129.

6.8.3 FINANCIAL FIXED ASSETS

The changes in financial fixed assets are shown below.

6.8.4 CASH AND CASH EQUIVALENTS

As at December 31, 2013, Exact had a cash balance of € 1,435 (2012: € 614). No restrictions exist on cash.

Financial fixed assets

	2013	2012
Balance as at January 1	**356,066**	**338,820**
Result from participations in group companies	**31,919**	18,543
Translation result	**(2,724)**	(2,907)
Net change in fair value of cash flow hedge reclassified to profit and loss	**–**	1,610
Balance as at December 31	**385,261**	**356,066**

Amounts in € thousands, unless indicated otherwise.

6.8.5 SHAREHOLDERS' EQUITY

	Share capital	Share premium	Translation reserve	R&D reserve	Cash flow hedge reserve	Other reserves	Retained earnings	Unappropriated 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	–	–	–	–	–	–	–	–	–
Share based payments	–	–	–	–	–	(60)	–	–	(60)
Balance at December 31, 2012	**488**	**64,758**	**(341)**	**15,692**	**–**	**47**	**12,078**	**8,643**	**101,365**

	Share capital	Share premium	Translation reserve	R&D reserve	Cash flow hedge reserve	Other reserves	Retained earnings	Unappropriated result	Share-holders' equity
Balance at January 1, 2013	**488**	**64,758**	**(341)**	**15,692**	**–**	**47**	**12,078**	**8,643**	**101,365**
Net income	–	–	–	–	–	–	–	31,843	31,843
Other comprehensive income	–	–	(2,724)	–	–	–	–		(2,724)
Total comprehensive income	**–**	**–**	**(2,724)**	**–**	**–**	**–**	**–**	**31,843**	**29,119**
Reserve for capitalized R&D	–	–	–	4,659	–	–	(4,659)		
Dividend related to 2011	–	–	–	–	–	–	(4,134)	(8,643)	(12,777)
Interim dividend 2012	–	–	–	–	–	–	–	(15,287)	(15,287)
Share based payments	–	–	–	–	–	170	–	–	170
Balance at December 31, 2013*	**488**	**64,758**	**(3,065)**	**20,351**	**–**	**217**	**3,285**	**16,556**	**102,590**

Amounts in € thousands, unless indicated otherwise.

* The total distributable reserves at December 31, 2013 amounted to € 81.8 million (2012: € 85.2 million).

Personnel expenses

	2013	2012
Salaries and wages	**5,689**	4,079
Social security	**319**	306
Pension expenses – defined contribution plans	**5**	5
Healthcare contribution	**130**	104
Outwork	**154**	104
Other personnel expenses	**1,427**	1,206
Total	**7,724**	**5,804**

Amounts in € thousands, unless indicated otherwise.

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 (2012: 24,400,405) ordinary shares outstanding, which are fully paid. Exact holds 1,583,744 (2012: 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 and the R&D reserve. The R&D reserve relates to capitalized internally generated software of € 20,351 (2012: € 15,692).

Other reserves
The other reserves relate to the share-based payment for the Board of Managing Directors for the long-term incentive plan of € 217 (2012: € 47).

6.8.6 PAYABLES TO GROUP COMPANIES

Payables mature within one year.

6.8.7 PERSONNEL EXPENSES

Personnel expenses are specified above.

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 2013 and 2012 expenses shown on page 135 were charged by KPMG Accountants N.V. In 2013 and 2012 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.

Auditor fees

	KPMG Accountants N.V. 2013	Other KPMG network 2013	Total 2013	KPMG Accountants N.V. 2012	Other KPMG network 2012	Total 2012
Audit of the financial statements	**200**	**154**	**354**	211	158	369
Other audit engagements	**3**	**75**	**78**	22	35	57
Tax-related advisory services	**–**	**–**	**–**	–	–	–
Other non-audit services	**–**	**–**	**–**	–	–	–
Total	**203**	**229**	**432**	**233**	**193**	**426**

Amounts in € thousands, unless indicated otherwise.

6.8.10 EMPLOYEES

In 2013, Exact's average number of employees was 34 FTEs (2012: 33). 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, 2013, Exact had issued a total amount of € 603 (2012: € 604) for guarantees. This 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 (2012: € 0).

Delft, March 27, 2014

Board of Managing Directors
Erik van der Meijden, *CEO*
Onno Krap, *CFO*
Marinus ter Laak,
Managing Director Business Solutions
Hartmut Wagner,
Managing Director Cloud Solutions

Supervisory Board
Thierry Schaap, *Chairman*
Willem Cramer
Evert Kooistra
Peter van Haasteren


Chubb

7.
OTHER INFORMATION

7.1 INDEPENDENT AUDITOR'S REPORT

KPMG Accountants N.V. has audited the accompanying financial statements 2013 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, 2013 and its result and its cash flows for the year then ended.

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2013 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, 2013, 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, 2013, 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, 2013, 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, 2013 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 27, 2014

KPMG Accountants N.V.

M.J.A. Verhoeven RA

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.

7.3 PROPOSED DIVIDEND TO SHAREHOLDERS

In line with the dividend policy, Exact will propose that the Annual General Meeting on May 21, 2014 approves a total dividend of € 1.40 per share. Taking into account the interim dividend of € 0.67 per share paid in 2013, the final dividend will amount to € 0.73 per share in cash.

PROPOSED PROFIT APPROPRIATION 2013

It will be proposed at the General Meeting of Shareholders to payout the profit for the year 2013 of € 31,843 as dividend as follows:

	2013
Interim dividend 2013 (€ 0.67 per share, paid August 7, 2013)	**15,287**
Final dividend in cash (€ 0.73 per share)	**16,556**
Total	**31,843**

Amounts in € thousands, unless indicated otherwise.

PROFIT APPROPRIATION 2012

	2012
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**

Amounts in € thousands, unless indicated otherwise.

8. FORWARD-LOOKING STATEMENTS NOTICE

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.

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.

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