

# DOCDATA N.V.

Extract from the Annual Report 2014

**DOCDATA N.V.**

listed on Euronext





#### Extract from the Annual Report 2014 of DOCDATA N.V.

This is an extract from the Dutch Annual Report 2014 as published on 31 March 2015. The full text is contained in the Dutch Annual Report which has been audited by an independent auditor. Please note that this extract is an uncertified translation of the Dutch Annual Report 2014 for convenience purposes only. In the event of ambiguities, the Dutch text will prevail. The Dutch Annual Report 2014 contains the consolidated financial statements as prepared in accordance with International Financial Reporting Standards adopted by the EU and its interpretations adopted by the International Accounting Standards Board (IASB). The extract only provides a limited summary of the main consolidated financial information. The extract should be read in conjunction with the Dutch Annual Report 2014 in order to gain a full understanding of the Financial Statements 2014, including the accounting policies, notes to the financial statements and other information.

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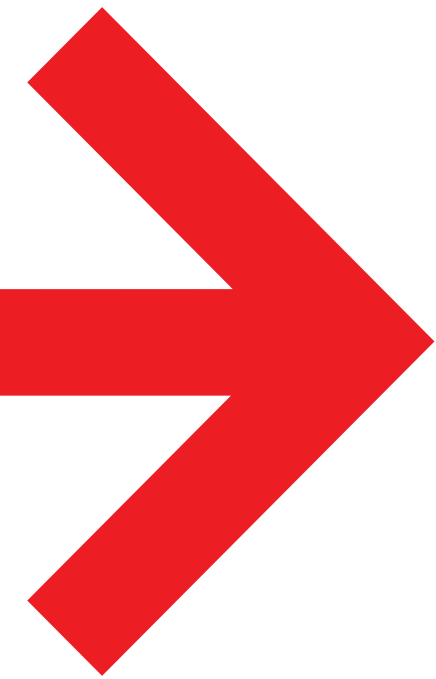
Corporate website: [www.docdatanv.com](http://www.docdatanv.com)

Website Docdata: [www.docdata.com](http://www.docdata.com)

Website IAI: [www.iai-industrial-systems.com](http://www.iai-industrial-systems.com)

Trade register number 16081306 at the Dutch Chamber of Commerce in Brabant.

DOCDATA N.V. is listed at the stock market of Euronext Amsterdam under ticker symbol DOCD.



# **DOCDATA N.V.**

**Extract from the Annual Report 2014**



**“I am proud of what we  
have achieved together as  
an organisation.”**



# Foreword from the CEO

We celebrated our 15th anniversary as an e-commerce business in 2014. What started 15 years ago as a small business in an entirely new market, the internet, has grown into a leading European company with locations in the Netherlands, Germany, the United Kingdom, Italy and Poland. At the beginning of 2015 we opened the expansion of our location in Poland with a celebration.

We can be proud of what we have achieved together over the past years, with the real acceleration having been realised in the last five years. We remain an undertaking with two very different lines of business, the e-commerce company Docdata and the IAI company that designs and builds advanced production systems. The use of technology and innovation is becoming increasingly important for both businesses and we will therefore have to continue developing the undertaking into a technology-driven company. In order to make “smart” use of technology, we need people with smart ideas, people on whom we can build and on whom we can rely. People who jointly take on responsibility on every level of our organisation.

Passion, commitment and striving for the very highest quality are the ingredients for maintaining this ability to improve and excel. During the coming years we will be moving ahead on implementing our new **Vision 2020: “Smart Growth”**.

Our success, but also that of our clients, will depend on the degree to which we can together provide smart solutions for staying ahead of the competition. We must improve every day, take another step forward every day. This is the only way to remain a pioneer and serve as a real partner to our clients. It is crucial for this that we use all the knowledge available at all the levels of our organisation.

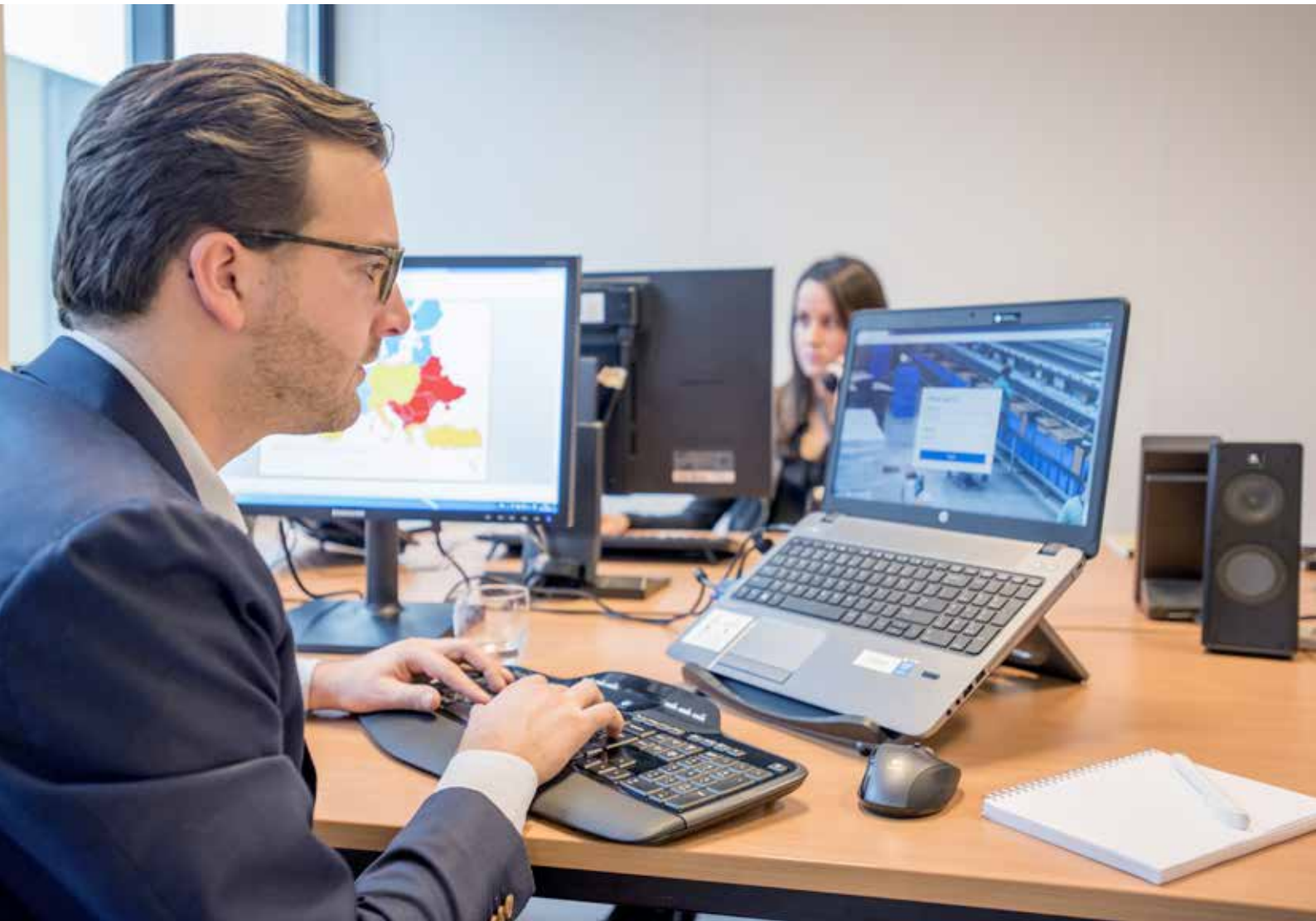
In 2014 we made major investments in both lines of business. An ever-increasing share of our investments is related to innovations, such as, among others, Docdata Connect and Docdata Click & Collect and new systems and modules for IAI. In 2015 we will continue to invest in innovations that reinforce our market positions, strengthen client loyalty and expand our product portfolio. A question from a client forms the starting point for every innovation, our creativity in developing the solution is what makes the difference. A significant part of the new develop-

ments is undertaken together with our clients, which means the investments make a direct contribution for our clients and our own organisation.

2014 was an excellent year, with a revenue of € 169 million and a profit of € 7.3 million. We invested more than € 12 million in our businesses and hired many new employees. I am proud of what we have achieved together as an organisation. It was made possible by the enormous dedication of our employees and the active support and critical attitude of our Supervisory Board. Without the commitment from our clients, suppliers and shareholders to the partnership we have with each of them, this would never have succeeded.

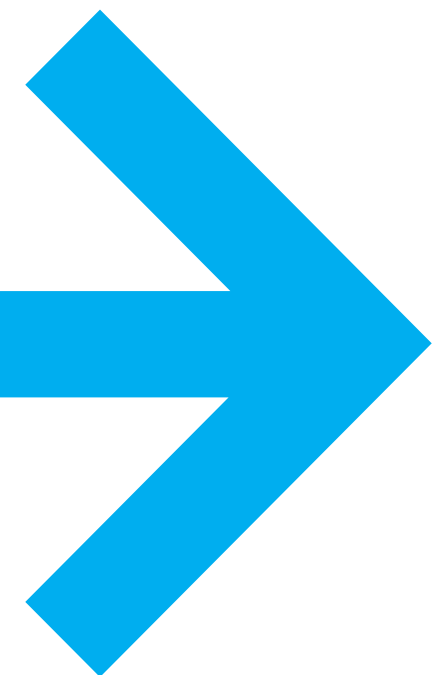
Many thanks to each of them!

Michiel Alting von Geusau  
Chief Executive Officer DOCDATA N.V.



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# The Management Board

## **Michiel F.P.M. Alting von Geusau** (Dutch, 1964, man)

- Chief Executive Officer (CEO).
- Employed at DOCDATA N.V. since 19 October 1998.
- Appointed CEO for a third four-year term on 30 May 2012, prior to that Financial Director until 18 May 1999, appointed CFO as of 18 May 1999 and appointed CEO as of 1 March 2002.

## **Marc E.T. Verstraeten** (Dutch, 1966, man)

- Chief Financial Officer (CFO).
- Employed at DOCDATA N.V. since 1 February 2001.
- Appointed CFO for a third four-year term on 13 May 2014, prior to that Corporate Controller until 1 March 2002, appointed Financial Director CFO as of 1 March 2002 and appointed CFO as of 11 May 2006.





# Report of the Management

## Financial development

### General

(€ x 1,000, except for percentages)	2014		2013	
	€	%	€	%
Revenue	168,707	100.0	166,921	100.0
Gross profit	35,708	21.2	37,013	22.2
EBITDA	17,290	10.2	20,260	12.1
EBITA	11,145	6.6	15,550	9.3
Operating profit before financing result (EBIT)	10,007	5.9	11,147	6.7
Profit for the financial period	7,305	4.3	8,665	5.2
Profit per share (€ x 1)	1.05		1.24	
Balance sheet total	99,131		88,600	
Shareholders' equity	44,183		42,763	
Solvency (Shareholders' equity / Balance sheet total)	44.6%		48.3%	

The Group's revenue rose slightly to almost € 169 million. This increase in revenue was realised entirely organically, thanks to higher revenue at IAI in combination with a slight decrease in revenue at Docdata. Docdata's turnover declined by just 1.4%, despite the substantially lower level of revenue from services provided to our largest client in Germany; this effect (€ 22 million decrease in revenue) was largely offset by the increase in revenue realised for existing clients in the Netherlands and new clients in Germany. The share in the group revenue represented by the largest client in Germany decreased to 17.8% (2013: 31.2%), making it still the Group's largest client.

The gross profit decreased to € 35.7 million compared to € 37.0 million in 2013 (-/-3.5%). The gross profit margin came to 21.2%, compared to 22.2% for 2013. There was a decrease in the gross profit margin at both lines of business; at Docdata primarily due to a changed revenue mix, costs for moving and lower efficiency because of higher labour costs

in order to be able to deliver the same high quality, and at IAI due to higher costs for the systems delivered.

The operating result before financing result (EBIT) came to € 10.0 million, compared to € 11.1 million one year earlier (-/-10.2%). This decline was caused by a lower gross profit and higher selling and administrative expenses. The selling and administrative expenses increased as the result of investments in the organisation and the internationalisation of both lines of business, with a view to achieving future growth possibilities in accordance with the goals set in this respect in our Vision 2020: "Smart Growth".

The profit is € 7.3 million, 15.7% less than the profit for 2013 (€ 8.7 million). The net financing result was almost nil (2013: € 0.1 million negative due to currency effects). The increased income tax expenses is primarily the result of a low income tax expense in 2013 in combination with net operating losses in 2014 in the United Kingdom and Italy, for which no

deferred tax assets have been recognised.

The Group was able to maintain its strong financial position, yielding a solvency ratio of 44.6% at 31 December 2014 (31 December 2013: 48.3%). This solvency is the result of the following (significant) movements in equity: the profit for 2014 (+ € 7.3 million), the purchase of own shares (-/- € 1.1 million) and the dividend from the 2013 profit paid out in May 2014 (-/- € 4.9 million). Equity consequently increased to € 44.2 million at 31 December 2014. In addition to this, the balance sheet total increased to € 99.1 million at 31 December 2014 (31 December 2013: € 88.6 million). The net cash position (excluding the cash position at the Foundation) declined to € 5.2 million (31 December 2013: € 6.7 million), primarily as the result of the net cash flow from operating activities (+ € 14.9 million), proceeds from sale of assets and subsidiaries (+ € 1.4 million) and capital expenditure (-/- € 12.0 million), dividend payment (-/- € 4.9 million) and purchase of own shares (-/- € 1.1 million).

## Docdata

(€ x 1,000, except for percentages)

	2014		2013	
	€	%	€	%
Revenue	147,105	100.0	149,141	100.0
Cost of sales	(116,622)	(79.3)	(117,571)	(78.8)
<b>Gross profit</b>	<b>30,483</b>	<b>20.7</b>	<b>31,570</b>	<b>21.2</b>
Other operating income	425	0.3	949	0.6
Selling expenses	(5,883)	(4.0)	(5,566)	(3.7)
Administrative expenses	(14,321)	(9.7)	(13,939)	(9.3)
Other operating expenses	(1,226)	(0.8)	(3,362)	(2.3)
<b>Operating profit before financing result</b>	<b>9,478</b>	<b>6.5</b>	<b>9,652</b>	<b>6.5</b>

Docdata's revenue decreased by € 2.0 million (-/- € 1.4%) to € 147.1 million. The decrease was a combined effect of the growth in revenue in the Netherlands, Poland and Italy and a decline in revenue in Germany and the United Kingdom. The revenue in the Netherlands increased mainly due to the autonomous growth among existing clients. Revenue in Poland and Italy increased since they had only contributed to the revenue for 4 months in 2013, compared to the full year in 2014. As expected and mentioned earlier, the number of transactions processed for our largest client in Germany decreased substantially in 2014, which was directly responsible for a € 22-million decline in revenue in Germany. In total, the number

of transactions performed by Docdata fell from almost 52 million in 2013 to 49.4 million in 2014 (-/- 4.8%). The revenue in the United Kingdom also declined as the result of the sale of the Response company in June 2014 and lower transaction volumes for UK clients in 2014.

The gross profit decreased by € 1.1 million (-/- 3.4%), due to the combined effect of lower revenue and efficiency in 2014. Docdata's gross profit margin came to 20.7%, 0.5 percentage point lower than in 2013. This was mainly the result of an activity mix that was less profitable in 2014 than in previous years. The Response company in the United Kingdom also had a relatively high gross

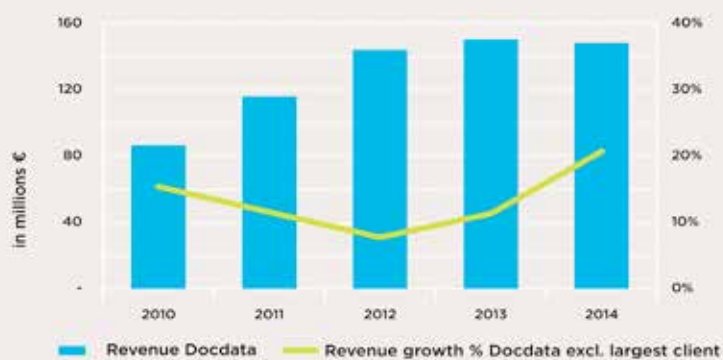
profit margin. This company only contributed to the result for 5 months in 2014, compared to a full year in 2013.

The operating result before financing result (EBIT) decreased by € 0.2 million (-/- 1.8%). This was due to a combination of a lower gross profit, higher selling and administrative expenses (mainly because of the growth of the fulfilment operation in the Netherlands) and lower net other operating income and expenses. In 2013 an impairment loss of € 3 million was reported for the goodwill and customer contracts relating to the activities in the United Kingdom acquired with the takeover of Braywood Holdings Ltd. in 2006. In 2014 € 1 million in non-recurring costs was reported for the impairment loss on the book value of the warehouse equipment in Germany as the result of the non-renewal of fulfilment contracts by some clients (€ 0.8 million) and the impairment loss on the book value of warehouse equipment in the United Kingdom as the result of the restructuring of the operation in Witney (€ 0.2 million). The sale of the shares of docdata payments (response) Ltd. on 9 June 2014 did not have any material impact on the result in 2014 and has no material impact on the Group's future financial results.

### International expansion

Returns handling in Poland delivered good performance in 2014. The number of returns processed is increasing and further opportunities for growth have been identified, including a number of Polish e-commerce parties who could consider using the outsourcing of fulfilment services. The Swiebodzin location was expanded during the second half of 2014 from 2,500m<sup>2</sup> to 5,000m<sup>2</sup> in order to enable growth of the operation. Further investments are needed in Italy to attract new clients, boost volumes and become profitable.

Development revenue Docdata and revenue growth Docdata excluding largest client



## IAI

(€ x 1,000, except for percentages)

	2014		2013	
	€	%	€	%
Revenue	21,602	100.0	17,780	100.0
Cost of sales	(16,377)	(75.8)	(12,337)	(69.4)
<b>Gross profit</b>	<b>5,225</b>	<b>24.2</b>	<b>5,443</b>	<b>30.6</b>
Other operating income	86	0.4	45	0.2
Selling expenses	(1,812)	(8.4)	(1,117)	(6.3)
Administrative expenses	(2,922)	(13.5)	(2,693)	(15.1)
Other operating expenses	(48)	(0.2)	(183)	(1.0)
<b>Operating profit before financing result</b>	<b>529</b>	<b>2.5</b>	<b>1,495</b>	<b>8.4</b>

IAI's revenue increased by € 3.8 million (+21%) as a result of more systems delivered. New orders were signed and delivered for China and Algeria in 2014. The delivery of the orders for one European country, as well as for Brazil (announced in November 2013), were pushed back to the first half of 2015.

The gross profit decreased slightly despite higher revenue because of lower margins realised on systems delivered, mainly due to the higher costs of systems being built for the first time, including substantial efforts invested in the specific development and redesign of a crucial system component. IAI realised a loss on a number of important orders because of this.

The operating profit (EBIT) decreased by € 1.0 million, a combined effect of lower gross profit and higher selling and administrative expenses. In 2014 IAI made further investments in developing its organisation and expanding and improving the production facilities in Veldhoven. Investments were also made in the move of FEHA to a new location in Thalheim, Germany.

### Financing income and expenses

The net finance expenses in 2014 was € 6 thousand compared to a net finance expenses of € 117 thousand in 2013. This decrease of € 0.1 million was mainly due to the exchange results in 2014 (profit of € 52 thousand) compared to 2013 (loss of € 98 thousand) related to the British pound.

### Income taxes

The Group's effective tax rate in 2014 was 27.0%, with income tax expenses of € 2.7 million on a profit before income tax of

€ 10.0 million. In 2013 the profit before income tax was € 11.0 million, with income tax of € 2.4 million (effective tax rate: 21.4%). The higher effective tax rate was mainly the result of the one-off tax gain in the Netherlands in 2013. This was also impacted by operating losses in the United Kingdom and Italy in 2014 (in total, an operating loss before tax of € 1.1 million), for which no deferred tax assets are recorded and also in combination with changes in the relative shares in the profits represented by the German, Polish and Dutch companies.

The relative share of the Dutch profit before tax (taxable at a lower tax rate) increased significantly compared to the German profit before tax, as a result of the much lower profit before tax in Germany in 2014.

The income tax expenses of € 2.7 million in 2014 (2013: € 2.4 million) consist of the taxes on the results in the various countries, combined with the effect of a number of adjustments to the inclusion and/or valuation of deferred tax assets at 31 December 2014 and/or 31 December 2013 in relation to the realisation of available losses in the Netherlands and Germany and a few differences between the commercial and fiscal treatment tax of certain assets and profit and loss items:



You earn respect by showing respect.

Every employee has certain skills and abilities. You should support them to improve these skills and abilities.

What is important is the tone and the manner of addressing others.

Do not expect only to receive respect from superiors. Show them respect as well.



Everyone can create or has already created something remarkable. Therefore, every human being should be treated with respect.

Respect should also be shown in interactions with people with whom you are on first-name terms.



# RESPECT

Respect can only be felt when shown at all levels, i.e. to your superiors and subordinates as well as to your co-workers and colleagues.

By showing respect to others, you earn their respect. It is always important to respect the opinion of others.

All work, performed by both white-collar and blue-collar workers, deserves respect.

~~Freak!~~

Accept people, their flaws and different habits.

No one is better than anyone else. The interactions between employees, team leaders, shift supervisors and department heads are based on mutual respect and observance of the principles of friendship and tolerance.

Treat others the way you would want to be treated.

Living together and working together, regardless of origin, nationality or skin colour.



Every type of work is something special and all work should be performed with respect.

All people are equally valuable, regardless of appearance. Every person is priceless.

- In the Netherlands, income taxes are stated at a corporation tax rate of 25.0% on taxable income for both the Dutch fiscal entity and for the Dutch subsidiary docdata payments B.V. which is not part of this fiscal entity (2013: 25.0%). In 2014 a tax gain of € 0.2 million was recorded by the fiscal entity as the result of a number of tax facilities (for example, the innovation box, energy investment allowance and Research & Development allowance, RDA) which were realised by IAI (the effect in 2013 was an income tax gain of € 0.1 million for the innovation box). In 2013 an income tax gain was realised based on the recording of the liquidation loss of the former French Docdata replication activities (€ 5.2 million). The liquidation process was completed in 2013 and the income tax gain was received in 2014 after the fiscal entity's corporate income tax return for 2013 was approved.
- In the United Kingdom income taxes are stated at an average rate for corporate income tax of 21.5% (2013: 23.3%). In 2014 no income taxes were recorded on the operating loss in the United Kingdom in 2014 (€ 0.7 million).
- In Germany, same as in 2013, income taxes were stated at a corporate income tax rate of in general between 26.0% and around 32.0% on taxable income in 2014, which was the same as in 2013. This rate depends on the moment and location of the region in Germany where the registered office is situated (for example, Berlin, Munich or Münster region). In 2013 the valuation allowance for deferred tax assets on net operating losses from previous years was released due to improved profitability of the operation in Münster. This resulted in a tax gain of € 0.4 million.
- In Poland income taxes are stated at a corporate income tax rate of 19.0% (2013: 19.0%).

- In Italy income taxes are stated at a corporate income tax rate of 27.5% (2013: 27.5%). In 2014 no corporate income taxes were recorded on the net operating loss in Italy in 2014 (€ 0.4 million) and a valuation allowance was recorded for the net operating loss of 2013 (€ 0.2 million), as included on the balance sheet at 31 December 2013.

### Investments and liquidity

The Group realised a net cash flow from operating activities of € 14.9 million (2013: € 9.9 million) and received € 1.4 million from the sale of tangible fixed assets and the sale of the shares of the subsidiary docdata payments (response) Ltd. in the United Kingdom. From the available cash of € 16.3 million, the Group spent a total of € 18.0 million in 2014 on:

- dividend paid from 2013 profit (€ 4.9 million);
- investments in tangible fixed assets, specifically warehouse equipment in Waalwijk and Grossbeeren by Docdata and building investments in Veldhoven and Thalheim by IAI (€ 10.1 million);
- investments mainly in the development costs of new solutions by IAI (€ 1.9 million);
- the purchase of own shares (€ 1.1 million)

Without taking into account bank balances of the Stichting foundation docdata payments which cannot be freely disposed of, the Group's cash surplus decreased in 2014 by € 1.5 million to € 5.2 million at 31 December 2014, including a bank overdraft of € 1.3 million at 31 December 2014.

At 31 December 2014, the Group had a credit facility in euros, provided by Deutsche Bank Nederland N.V., in the amount of € 12.0 million (2013: € 10.0 million), which is available for the

financing of working capital (maximum € 6.0 million) and serves to cover bank guarantees (maximum € 6.0 million). The credit facility is increased by € 2.0 million in the period 1 May to 1 November each year for the financing of working capital. At 31 December 2014 € 1.3 million was being used to finance working capital (2013: not used) and € 4.1 million was used to cover bank guarantees (2013: € 3.2 million). At 31 December 2014 the Group complied with the covenants for the credit facility. At 31 December 2014 the Group had a credit facility in euros provided by Commerzbank AG of maximum € 5.0 million (2013: no credit facility), which is available for financing working capital. This facility was not being used at 31 December 2014.

### Sustainability and responsibility

We want to do business in a socially responsible manner together with our clients, employees, suppliers, business partners and shareholders. Where possible, the negative effects of the business operations on the environment will be reduced and the positive effects increased. We always try to involve our partners in the chain in improving our processes and services and embedding them sustainably. The areas mainly involved in this respect are transport efficiency, sustainable packaging and employee engagement. Where possible we implement sustainable business by using the management systems already used in the organisation. At IAI, these are the ISO9001 and 14001 standards; at Docdata this is ISO9001 and ÖkoTex Standard 100 for Docdata Fashion. Docdata Payments works in accordance with the Payment Services Directive and PCI-DSS requirements (Payment Card Industry Data Security Standard).

## Ambitions and objectives

The locations in the various countries satisfy local requirements in relation to safety, environmental impact and hygiene. In the business operations, sustainable and environmentally-conscious solutions that are often also the most economically beneficial for both us and our clients are considered whenever possible.

Our ambitions in the context of sustainable business are in the following areas:

- Developing lasting relationships with all stakeholders. This involves topics such as transparency, integrity, loyalty and satisfaction;
- Being an attractive employer for our own personnel and (potential) employees who are hired in;
- Being a socially responsible supplier for our clients and partners. Energy consumption and packaging materials are the key topics here;
- Making a positive contribution to the community, for both employees and the society, in which context social engagement and sponsoring are key issues.

## Sustainable relationships

We maintain sustainable relationships with our stakeholders. These relationships are characterised by respect for each other's interests, a long-term focus and mutual trust. We approach our various stakeholder groups in the manner most appropriate to each, whereby transparency in communication about our activities and results is always a priority. The most important dates of contact with our external stakeholders can be found on [www.docdatanv.com](http://www.docdatanv.com) on the 'Investors' tab.

We have contact with our clients daily, so that we can keep a finger on the pulse in terms of their wishes and how we can

optimally tailor our products and services accordingly. Clients satisfaction is an important indicator for us, one that helps us determine what is truly important to clients in our cooperation with them and in our products and services and how we can continue to improve these. Quality, clients orientation and a focus on service are important driving forces in our vision. We have client satisfaction surveyed by an independent expert that holds one-on-one interviews with clients. Our employee satisfaction and engagement are also relevant, given the correlation between client and employee satisfaction. After all, content and engaged employees are the foundation for the quality of our services and products.

## Good employment practices

We want to be a good, professional and reliable employer and offer our employees a challenging, safe and healthy work environment. We have set down the starting points for this in our 'Employer guidelines', introduced with effect from 1 January 2013. These guidelines focus on the topics of Respect and Welfare, Honesty, Openness and Appreciation. The guidelines show how the company implements the international starting points in relation to these topics. The full text of the 'Employer guidelines' is available at [www.docdatanv.com](http://www.docdatanv.com) under the heading 'Corporate Governance'.

## Engagement and satisfaction

Every employee contributes to the success of our company. We appreciate the contribution made by each of them and regularly organise social functions to share this success. We also take the opportunity on those occasions to inform them about the strategy and most recent developments at the company. In 2014, an employee satisfaction survey

conducted in the Docdata organisation indicated that our employees are satisfied with the company. The survey results and areas for improvement were explained to the employees at each location. The survey will be repeated annually.

## Employability and professional development

It is important to us that all our employees continue to develop both personally and professionally. By training employees we help guarantee our own success, but also the long-term employability of our employees. Training and development opportunities range from coaching and on-the-job training to specific subject area and leadership training.

One of these training courses is the Young Professionals Programme. As part of this programme, a number of our international young talents with a maximum of 2 years of work experience are given the opportunity to further develop their leadership skills and in doing so prepare for a further career in our company. All the operators that start in our Docdata Fulfilment organisation are given extensive guidance from our job coaches. These coaches are employees whose position includes the extra role of providing new employees with guidance and induction training. The new employees also receive guidance from supervisors and foreign employees are given Dutch lessons.

## Employability and preventing sickness absence and drop-out

When we talk about offering a safe and healthy work place, we also have in mind a pleasant work environment in which employees feel respected and safe. Tensions on the work floor can arise in organisations where large groups of people work together (temporarily). This increases the likelihood that employees may express themselves to each other inappropriately. This could



Being true to own point of view and expressing opinions frankly and openly.

Giving an open and sincere welcome to new employees in the team.

"Honest words are welcome."

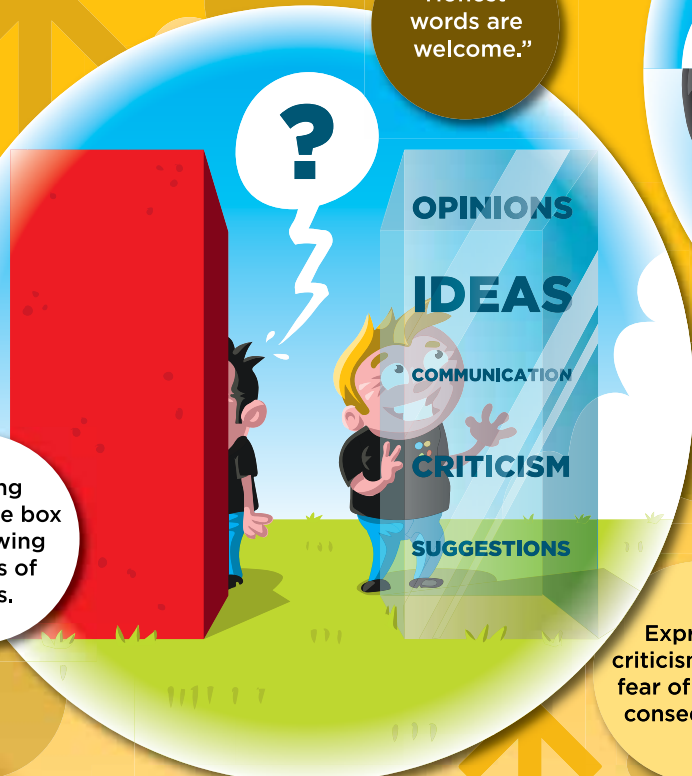


Open discussion of problems by the team and finding solutions together.

Transparent and open communication in case of changes.

Open communication of ideas and opinions instead of talking behind each others' backs.

Expressing criticism without fear of negative consequences.



Thinking outside the box and allowing opinions of others.

# OPENNESS

Acceptance and openness to other cultures.

Ability to address the so-called "difficult" topics.



Putting forward own ideas and expressing own opinions, but also being open to the ideas and opinions of others.

Openness to new ideas and suggestions.

Putting forward, testing and developing new ideas.

Putting one's cards on the table, i.e. not mocking nor ridiculing co-workers.

Each employee receives the information necessary to do a particular job.

Taking the problems of colleagues seriously and, if necessary, providing assistance.



take the form of aggression, intimidation or discrimination. Any form of this kind of misconduct is unacceptable in our organisation. That is why all employees are informed about our policy in this regard when they start their work. Our supervisors are trained in preventing and responding to misconduct. One or more confidential counsellors are appointed at all our entities. The number of confidential counsellors was further increased at our locations in 2014. Confidential counsellors follow a course so that they have adequate skills to perform their role properly. The role of these confidential counsellors is to act as an outpost, first response and point of address for colleagues confronted with misconduct. The confidential counsellors meet regularly to keep a finger on the pulse. They also have direct access to managers and the Management Board and they are in close contact with the HR managers.

## Environment

### Energy consumption

Docdata's logistics centres are the largest consumers of energy in the business. Where possible, outdated, energy-inefficient buildings are phased out and modern buildings that use the latest energy and insulation technologies are leased. In the newest buildings in Grossbeeren and Waalwijk, for instance, underground cold-heat storage is used. As such these buildings are largely self-sufficient in terms of heating and cooling. In order to further reduce energy consumption, energy-efficient TL lighting and movement sensors are used in the logistics centres to switch the lights on and off. This ensures that lights are only on where and when needed and Docdata realises substantially lower energy consumption. The total energy consumption is a constant point of attention. The organisation is also considering solutions to prevent heat loss at the transport docks, for

instance, and the use of energy-efficient data centres. In 2014 a second and third data centre were taken into use in the Netherlands, both of which are among the most energy-efficient data centres in Europe at the moment. The data centre has an ISO27001 certificate, the standard for information security, so that our (client) data are guaranteed to be optimally secure.

### Transport

We work with renowned transport partners. These parties are themselves hard at work making their services more sustainable via their own sustainability programmes for vehicles, route planning, etc. They also contribute indirectly to reducing Docdata's CO<sub>2</sub> footprint. One example of this is PostNL, which provides approximately 80% of the transport contracted by Docdata in the Netherlands. Its freight lorries run on less environmentally harmful biodiesel. More information on the content and impact of our transport partners' sustainability programmes can be found on their own websites. Docdata works together with them to use the load capacity optimally, by ensuring that as many packages as possible can be taken on a single freight lorry.

### Packaging materials

Docdata is constantly searching for ways to keep to a minimum the packaging materials needed for safely shipping online orders to consumers. Cardboard, paper and plastic are the most commonly used packaging materials for our inbound and outbound goods flows. For the outbound package flows from Docdata Fulfilment, we discuss with our clients whether they want to use sustainable packaging materials. This could be paper or cardboard with the FSC quality mark, but also non-disposable, re-usable packaging wherever possible. Whenever possible the majority of the plastic filling (airbags) is already re-used if it comes back to our warehouse via returned

packages. Docdata entered into a partnership with a third party in 2014 in order to be able to offer its clients a sustainable packaging service. This packaging can be re-used up to 20 times and the service is based on the bottle-deposit principle in the Netherlands. Docdata has also worked with a supplier to develop packaging machines for both large and small packages which fold the packaging to measure around the product. We will be continuing to invest in these kinds of solutions in 2015. At IAI, when new machines are installed, the wood transport chests are used to package the old machines being replaced for the return shipment. This saves on waste and on costs.

### Recycling

In the market in which IAI operates, it is customary for machinery to be returned to the supplier at the end of the maintenance contract. This also applies to IAI's machinery. The machinery returned by clients at the end of the maintenance contract is fully dismantled. The parts are handed in at the usual collection points in the Netherlands. Parts are re-used wherever possible. These procedures are set down in the ISO14001 management system used by IAI. When it is no longer possible at Docdata to re-use the packaging materials, these materials are separated as waste and handed in for recycling or another form of sustainable processing. Separate collection also takes place for our other business waste, wherever possible. The residual waste is removed and processed responsibly by renowned waste processors.

## Code of conduct and compliance

Our code of conduct describes the basic principles of our values and standards. These apply to all our employees, in the Netherlands and abroad. The failure to adhere to this code will result in appropriate measures against the particular



infringer. The Management Board, Supervisory Board and local management did not receive any serious reports of infringements during the year under review. The full text of the code of conduct can be found at [www.docdatanv.com](http://www.docdatanv.com) on the 'Corporate Governance' tab.

### Personnel and organisation

Our personnel organisation is growing in line with the scope of the activities. The number of people permanently employed by the Group increased in 2014 by 8.9% to 1,379 employees (1,307 FTEs), compared to 1,266 in 2013 (1,211 FTEs). Docdata in the Netherlands and Poland and IAI have all seen their workforce grow. The workforce at Docdata in Germany decreased because of the decline in activities for our largest client there and the workforce in the United Kingdom also decreased because of the sale of our company docdata payments (response) Ltd. The country organisations of Docdata are managed under the responsibility of a countries manager. Docdata Payments has a special position because of its compliance with the regulations of De Nederlandsche Bank. On 24 May 2011, De Nederlandsche Bank issued docdata payments B.V. a licence for operations as a payment institution. This licence is based on the Payment Services Directive adopted within the European Union in implementation of SEPA (the 'Single Euro Payments Area'). As part of docdata payments B.V.'s hiring policy, all new employees are screened and a Certificate of Good Conduct is requested.

In 2014 the organisation was further strengthened in order to land new clients and orders and to be able to continue to guarantee our quality. Finding and keeping the right people who are a good fit with the specific culture of our company is always an important priority. Our success remains as dependent as

ever on our permanent and temporary employees; they generally consider us a good employer. Our policy continues to be focused on ensuring this is the case, but also on picking up on signals from the organisation about areas for improvement and making those improvements. We therefore maintain our focus on attracting, retaining and developing talented employees in order to be able to realise our objective: remaining one of the top 3 e-commerce service providers in Europe.

In this context we strive for diversity among our employees and the various management levels and believe that we have found a good balance in this respect. A constantly high level of service provision requires dedicated and well-trained employees. It is important to Docdata and IAI that they create a pleasant work climate for their employees and also recognise successes that are achieved. In May, for instance, the 15th anniversary of the e-commerce organisation was celebrated with all the employees.

### Information technology

For fulfilment and payments, Docdata has a specific IT platform, which operates entirely independently. Docdata has invested in IT since its establishment in 1997. The warehouse management system is a state-of-the-art IT system and the beating heart of Docdata. This system and the far-reaching mechanisation of the operation enables Docdata to accommodate peak sales and stand up to the increasingly complex challenges in the e-commerce business. Docdata also invests in new solutions, such as Docdata Connect and Docdata Click & Collect, together with its clients. Docdata's Business Intelligence department provides it with information that it uses to constantly optimise its service provision. As ever, flexibility, scalability, reliability and security

continue to be the most important conditions for Docdata's warehouse management system. Docdata's payment platform is also being constantly developed in various areas, such as new (international) payment methods, SEPA, PayMail, compliance, interfaces, fraud modules and conversion-increasing payment solutions. Docdata Payments further expanded its IT development capacity in 2014.

### Laser technology

Laser technology is IAI's core competence and is used in a number of advanced systems. The extensive knowledge and experience ultimately result in client-specific systems that ensure that products are guided through the system quickly, accurately and without any loss of quality. We are constantly looking for potential applications in which our laser technology can provide a unique solution. This requires investments in people, technology and test systems and we work together with (international) technological institutes for research.

## Risk profile and control

### General and risk appetite

The strategy and company policy are focused on growth over the long term. Docdata and IAI are different companies, each with its own strategy and dynamics. The operational, market-technical and financial aspects are different at the two companies. Matters such as corporate governance, codes of conduct and risk control are managed centrally from the holding company, however. Under the supervision of the Supervisory Board, the Management Board is responsible for the management control system, which involves, among other things, strategy determination, business planning and budget determination. The management of the individual companies draws up a budget each year which is discussed with the Management Board before being approved. Finally, the Management Board draws up an annual consolidated budget that is submitted to the Supervisory Board for assessment and approval. The expected and required investments for achieving the objectives are a permanent item in the budget. Every month the results and liquidity positions are discussed and compared to the results from the previous year and the budget. The expectations for the results for the year as a whole are also analysed and discussed monthly. There are set procedures for investments and disposals, including the assessment and approval of acquisitions. The Management Board reports monthly to the Supervisory Board on the most important (financial) developments.

The Management Board endeavours in a general sense to keep risks to a minimum and refrain from taking on any substantial risks that cannot be kept manageable. The company's risk control model is based on the COSO framework. The Management Board is aware that - however professional such systems may

be - they cannot offer absolute certainty that the company's objectives will be achieved, nor can they entirely prevent material inaccuracies, losses, fraud or infringements of laws and regulations. The Management Board is of the opinion, however, that the systems in place provide a reasonable degree of assurance that the financial reporting is free of material misstatements. The Management Board declares that it accepts the responsibility for the structure and functioning of the internal risk management system. During the year, the Management Board performs risk analyses and identifies relevant risks. Mitigating actions are taken or put in motion for the relevant risks. The Management Board declares that as far as it is aware, during 2014 and up to the moment the annual report was drawn up in 2015 the internal risk management and control systems provided a reasonable degree of assurance that the financial reporting was free from material misstatements and that the risk management and control systems functioned properly in the reporting year.

### Risks related to the strategy

The company has been pursuing a growth strategy for several years and has managed to realise this to date. The market conditions and behaviour of consumers and governments change, however. Successful growth depends on continuing client contracts, finding new clients or markets and the degree to which the company manages to increase its market share by adding new services and developing new products. The new strategy, Vision 2020: "Smart Growth", was presented at the beginning of 2014. Implementation was completed in 2014 and the execution of this strategy is in full swing. The entire international management team was involved in the strategy process, with each member given the opportunity to contribute his own vision and ex-

pectations based on an analysis of the markets, experiences from the past and the outlook for the coming years. In each case the core competence of Docdata and IAI respectively has served as the starting point. The final vision was presented to and discussed with the Supervisory Board. The same management team is currently working to execute the strategy. The company runs a number of inherent risks in executing the strategy. The main risks are related to realising growth through acquisitions, for example in relation to integration and corporate culture. Acquisitions are not ruled out but we are primarily focusing on organic growth. Being able to continue contracts with important clients is essential for capacity utilisation. The quality of our service provision remains crucial 24 hours a day in order to be able to satisfy the service agreements with our clients.

### Operational risks

#### Dependency on large clients at Docdata

Docdata is significantly dependent on a number of large clients in Germany and the Netherlands. Losing large clients can impact the revenue and results. That is why contracts with large clients are concluded for a longer period of time. This allows Docdata to invest in smart solutions, which mean that the service provision can be performed better and more efficiently, which ultimately results in lower costs for the clients. Docdata aims to provide the best quality and service to all its clients. Client service surveys are conducted periodically, the results of which are used as input for improvements. This combination of factors helps to persuade clients to renew contracts and helps attract new clients. DOCDATA N.V. will publicise important, relevant changes in client contracts by means of a press release, as was done when it became known that the largest client in Germany would start performing its own activities. In 2014 a few clients in





Germany decided on the basis of strategic considerations not to renew their fulfilment contracts with Docdata that were expiring in 2015.

#### **Settlement of payment transactions by Docdata Payments**

The specific nature and large volume of transactions by Docdata Payments, for the handling of internet payments, result in a heightened inherent risk. Docdata Payments must comply with the specific requirements of De Nederlandsche Bank. Complying with these requirements is a prerequisite for retaining the licence granted for operation as a payment institution. If Docdata Payments were to lose its licence, this would have implications for the continuity of Docdata Payments and for the revenue and results of the Group. This risk is managed by means of additional procedures and measures in the administrative organisation and internal control, for example by additional segregation of duties and registrations, as well as extra IT control measures and an internal audit function. Docdata Payments complies with all the requirements of De Nederlandsche Bank and there are no indications that this will change between now and a year from now.

#### **Personnel planning at Docdata**

The personnel costs represent a very large share of the total operating costs of the Group, which means that an increase in wage costs has a major impact on the operating results. Such an increase could be prompted by government decisions or because Docdata does not have a good grip on the situation. Docdata makes large-scale use of temporary employment organisations that supply capacity in the form of personnel in order to be able to cushion peak loads during the day or during a period. The failure to scale down the personnel capacity on time after a peak load results in extra costs and lower profit. The strong growth over the past years has caused the number of

temporary workers to increase strongly mainly during peak periods. The orders are also being received increasingly later in the evening, which means it is becoming more difficult to schedule the requisite personnel capacity for the last hours of the day without causing any deterioration in the quality of the service provision. This risk can only be cushioned to a limited extent through adequate planning, and will also result in margins decreasing in order to be able to continue to guarantee high quality. There is the risk that the ratio of own personnel to temporary personnel may temporarily be imbalanced, resulting in the risk of loss of quality and higher costs. This risk is controlled by day-to-day monitoring of this ratio and an active hiring policy as well by providing prospects for employees in the context of good employment practices. The general personnel policy is aimed at ensuring that all business-critical positions are filled by the company's own personnel. There is also the risk that a temporary employment organisation may not be able to supply adequate capacity or quality, which can result in disruptions in operations or loss in quality. In order to cushion this risk, we use several large and renowned (internationally operating) temporary employment organisations holding NEN 4400-1 certification. Quality is measured periodically with reference to, among other things, work evaluations and coaching interviews in cooperation with the temporary employment organisations.

#### **Capacity planning**

Docdata needs a minimum of storage and processing capacity in terms of m2 to be able to process all client transactions. Planning this capacity is crucial in order to be able to respond at the right moment to the growth or decrease in our clients' activities. When the planning and terms of client contracts and leases are not aligned well enough, there is a risk of vacancy. This risk is managed by concluding long-term contracts

with clients whenever possible and constantly determining the necessary capacity in dialogue with the clients. The time periods covered by client contracts and investments are aligned with each other as much as possible. At this moment there is no significant 'mismatch' between leases and client contracts.

#### **Creditworthiness of Docdata's clients**

There are still many online parties on the e-commerce market who are unprofitable, but there is a clear trend visible that e-commerce parties are focusing on profitability. This affects Docdata, on the one hand when new contracts are being entered into and on the other because some existing clients might not be profitable and could face continuity problems. Docdata carries out a thorough creditworthiness analysis before concluding a contract with a new client. This takes place on the basis of information that can be obtained from public sources and/or information from specialised agencies. Where necessary and possible, guarantees, security deposits or additional securities are demanded. After entering into the contract, the developments at clients are followed and monitored. In general, Docdata has a retention right to the stock stored in our warehouses, to the extent this stock has been bought by the clients and suppliers have been paid for the products. In practice, this will only be able to compensate to a limited extent for any loss resulting from having to write off outstanding claims. Nonetheless, clients do sometimes find themselves in financial difficulty because of unforeseen or unexpected circumstances, resulting in bankruptcy. In 2014 a number of small clients went bankrupt, resulting in the write-off of outstanding claims.

## IT systems

IT systems are essential for the various services provided by Docdata. The continuity and reliability of the data processing, the integrity of the data and the flexibility and scalability of the software are all crucial. The IT systems are linked directly to the systems of our clients and/or suppliers. An IT system can also provide a competitive advantage. Systems that are not working, or not working properly, can put the continuity of the entire business in jeopardy for a short or longer period of time. In 2014 the same high level of investment as in the past was put into developing the IT systems to limit and control the IT risk as much as possible, but also to satisfy the wishes of our clients. The most important IT systems have built-in redundancy and have been installed entirely independently at several physical locations. These systems can compensate for each other or replace each other at any moment of the day.

## Commercial risks

Docdata is active in a market that is not only growing in size, but in which the technology continues to develop rapidly. We want to maintain and consolidate our leading position and reduce risks through our strong client-orientation and the constant use of new services and innovative solutions. Because of the growth in the e-commerce market, competition is increasing, mainly because of the fact that new parties from other (logistics) market areas are entering the market.

The current risks are mainly in relation to the financial position of our clients and the strategic decision by (potential) clients to purchase certain services from external suppliers. When a client is taken over, these decisions are nearly always reconsidered, with the possibility that

the client may be lost. At large clients we also see a tendency to want to 'in-source' activities at a certain turning point.

By aiming to conclude multi-year contracts for strategic cooperation with its clients, Docdata tries to limit the effect of these commercial risks as much as possible. Docdata constantly monitors its competitive position and in doing so keeps a close eye on the quality of its service provision and efficiency control.

In the markets in which IAI is active, we constantly work to improve production systems and develop new applications. The current risks are mainly in the area of realising orders, since the tendering of contracts (usually by governments) is frequently delayed or postponed because of factors beyond our control. A low oil price, for instance, causes financing problems in various countries, which means new orders are not placed with IAI. In the new markets in which we are active, procedures take longer because new applications have to be extensively developed and tested. We are also noticing growing pressure on prices in the markets where IAI is active. IAI devotes constant attention to innovation, quality and the pricing of its systems on the market.

## Financial risks

We have assessed the risks related to the use of financial instruments, whereby the control measures taken have also been charted out. For a description of these risks and controls, reference is made to Note 26 'Financial instruments and sensitivity analysis' in the notes of the Annual Report 2014.

The Group is exposed to the following risks on account of the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Management Board is responsible for the organisation and supervision of the Group's risk management framework. The Management Board reports regularly on its activities to the Supervisory Board. The aim of the Group's risk policy is to identify and analyse the risks faced by the Group, determine appropriate risk limits and controls and monitor the risks and compliance with the limits. The policy and systems for risk management are evaluated regularly and, where necessary, adjusted in line with changes in the market conditions and activities of the Group. The Group endeavours, by means of its standards and procedures for training and management, to develop a disciplined and constructive control environment in which all employees understand their role and responsibilities. The Audit Committee of the Group's Supervisory Board supervises the management's monitoring of compliance with the risk management policy and risk management procedures of the Group. The Audit Committee also concerns itself with the sufficiency of the risk management framework in combination with the risks that the Group faces.

The Group's policy is focused on minimising risks related to financial instruments, taking into account a certain risk that ensues from healthy entrepreneurship, however. The various group companies have the autonomy to take decisions independently within a certain framework. Outside of this framework, the Management Board or Supervisory Board is directly involved. In order to limit the credit risk, the Group regularly carries out credit investigations into the financial situation of its clients, but generally does not require collateral. The credit risk on the balance sheet date is significantly concentrated at a number of large clients. Liquidity risk is the risk that the Group will have difficulties satisfying its obligations under financial liabilities to be settled in cash or other financial assets. The basic approach to managing the liquidity risk







is to ensure that adequate liquidity is available to meet our current and future financial obligations in both normal and difficult circumstances, and without incurring unacceptable losses or jeopardising the Group's reputation in the process. Market risk is the risk that changes in market prices, such as currency rates and interest rates, could have an effect on the Group's income or the value of its investments in financial instruments. The aim of the market risk management is to manage and control the market risk position within acceptable limits, while simultaneously optimising the return. The Group's risk policy is aimed at minimising interest rate and currency risks as much as possible. If necessary, relevant negative effects of interest rate and currency risks are hedged using derivatives or other financial instruments, but only in the event of significant potential risks. The Group's policy is not to hold or issue derivatives or other financial instruments for trading purposes.

### Key financial targets

The company's key financial targets are concerned with realising profitable growth in revenue and maintaining good solvency and liquidity. This profitable revenue growth is mainly pursued through autonomous growth. Developing and adding new services and products, and being able to improve efficiency, play an important role in coping with the pressure on sales prices. For Docdata, the number of transactions realised is an important motive for realising the financial targets. For IAI, the most important conditions lie in the area of successful research and (product) development and the degree to which this lines of business succeeds in selling the systems it has developed to multiple clients.

## Corporate governance

### General

The Management Board is responsible for developing objectives and strategy and for executing the company's strategic and operational policy. The Supervisory Board exercises supervision and supports the Management Board with advice.

In performing its duties, the Management Board is guided by the company's interest in both the short and long term. The company's interest is defined as the interests of all stakeholders, including those of clients, shareholders, employees, suppliers, financiers and regulatory authorities. The company also attaches a great deal of importance to dealing with societal interests carefully. The Management Board strives for active and open communication with investors, analysts and the press. In this context, the Management Board has formulated a policy for bilateral contacts with shareholders, analysts and the press and published it on its corporate website ([www.docdatanv.com](http://www.docdatanv.com)).

The starting point is that the company's management determines and implements the company's policy focused on continuity in a balanced manner and based on a long-term vision. The importance of clear and transparent reporting on the policy pursued and results of that policy is also emphasised.

A management control system is used for management of the company. This system involves, among other things, determination of strategy, business planning and budget determination and monitoring. The Management Board and the management of the individual businesses discuss the budgets of the operating companies and set these annually. The Management Board analyses the results achieved and the liquidity positions monthly and compares these to the

results from the previous year and the budget. Every month the Management Board discusses the development in the results and other events with the individual companies. There are clear procedures in place between the Management Board and the individual companies for the assessment and authorisation of investments and acquisitions.

### Corporate Governance Code

The Dutch Corporate Governance Code serves as the basis for the Management Board for the company's corporate governance structure and optimal transparency. In December 2008 the Frijns Committee amended the 2003 Code and added amended and new principles and best practice provisions. This new Code takes effect from the 2009 financial year and in 2009 the Management Board brought the corporate governance structure in line with the new Code, under the supervision of the Supervisory Board. The Code is available at [www.commissiecorporategovernance.nl](http://www.commissiecorporategovernance.nl).

The following documents are available on the corporate website:

- the Articles of Association;
- the regulations for the Management Board;
- the regulations for the Supervisory Board, including the profile for the size and composition of the Supervisory Board;
- the code of conduct, including whistleblower scheme;
- the insider trading regulations;
- the minutes from the meetings of shareholders;
- the policy on bilateral contacts;
- the regulations concerning employer guidelines.

No members of the Management Board or Supervisory Board have any conflicts of interest with the company, whereby

the following should be taken into consideration:

- Mr Lindenbergh, supervisory board member of the company, has an interest of 10.59% in DOCDATA N.V. and is therefore not independent according to the Dutch Corporate Governance Code;
- The Management Board holds shares and rights to shares (Performance Shares) of the company, as reported in section 22 'Employee benefits' and section 31 'Related parties' in the notes to the consolidated financial statements of the Annual Report 2014.

There were no transactions with a potential conflict of interest with the Management Board or Supervisory Board members in 2014. Nor were there any transactions with a potential conflict of interest with holders of at least 10% of the shares in the company.

There was deviation from the Dutch Corporate Governance Code on a limited number of points. The most important deviations were:

- Because of privacy considerations, the best practice provision (III.6.5) on drawing up regulations for securities holding and the securities transactions of members of the Supervisory Board and Management Board involving securities other than those issued by DOCDATA N.V. is not complied with. It goes without saying that the Supervisory Board and Management Board members adhere to the principle that they avoid any form of conflict of interest;
- Best practice provision V.3.3 indicates that the Audit Committee should evaluate annually whether there is a need for an internal audit function and must present a proposal for this to the Supervisory Board. Upon the introduction of the Tabaksblat Code, the Supervisory Board decided that because of economic considerations, the appointment of a separate

internal audit officer could not be justified given the limited size of the undertaking. An external internal audit officer has indeed been appointed at the Docdata Payments company in Driebergen-Rijsenburg, partly in the context of the requirements of De Nederlandsche Bank.

The Audit Committee of the Supervisory Board conducts an evaluation each year. Following on the evaluation held in 2014, it was decided that no separate internal audit officer would be appointed. The capacity on the Group level has been expanded so that the internal audit programme can be structured further. In 2015, the Audit Committee will once again review whether there is a need for a separate internal audit officer;

- Best practice provision II.2.11 gives the Supervisory Board the right to reclaim (some of) the variable remuneration granted to members of the Management Board ('claw back clause'). This change was not yet incorporated in the employment contracts with the members of the Management Board because these were fully brought in line with the Corporate Governance Code at the time in 2008. In anticipation of the introduction of the 'Legislative proposal on adjusting and reclaiming the bonuses and profit sharing of directors and day-to-day policy deciders', in March 2013 the company signed an addendum with each of the two members of the Management Board, which was added to each of their current employment contracts from May 2008, in which a claw back clause has additionally been agreed in relation to bonus payments. During the reporting year the Supervisory Board did not need to exercise its right to reclaim any variable remuneration granted to the Management Board.

## General Meeting of Shareholders

The annual meeting is held annually within six months after the financial year ends. In addition to the points set down in the articles of association, the agenda for the General Meeting of Shareholders can also contain proposals from shareholders, in accordance with requests as referred to in article 18 (3) of the company's articles of association, if they individually or collectively represent at least 1% of the subscribed capital or a value of at least € 50 million.

The most important powers of the General Meeting of Shareholders are:

- the right to appoint, suspend and dismiss members of the Management Board and determine the remuneration policy for the Management Board;
- the right to appoint, suspend and dismiss members of the Supervisory Board and determine the remuneration for the Supervisory Board;
- adoption of the financial statements and the granting of discharge to the Management Board for the policy pursued and the Supervisory Board for the supervision during the financial year that has ended;
- resolutions on amendment of the Articles of Association or dissolution of the company;
- issue of shares or granting of an authorisation to the Management Board as the body authorised to issue shares;
- restrict or preclude the pre-emption rights upon the issue of shares or granting of an authorisation to the Management Board as the body authorised to restrict or preclude the pre-emption rights upon the issue of shares;
- grant authorisation to the Management Board to acquire own shares on behalf of the Company.



## Remuneration of the Management Board

The purpose of the remuneration policy for the Management Board is to attract and retain good management for the company and provide remuneration such that performance that is in line with the planned results and the company strategy is rewarded.

The remuneration policy for the Management Board was approved by the General Meeting of Shareholders on 15 May 2008. In addition to this, the General Meeting of Shareholders on 15 June 2011 approved the proposal from the Supervisory Board concerning a change to the Performance Share Plan (PSP), whereby a 'sell-to-cover-taxes' facility was added to the PSP. The original PSP was approved by the General Meeting of Shareholders on 12 May 2010 and introduced to replace the terminated Option Plan 2006.

The remuneration policy for the Management Board is made up, in principle, of four components:

- fixed remuneration component (including arrangements);
- short-term variable remuneration component;
- long-term variable remuneration component;
- employee benefits.

### Fixed remuneration component

The fixed salary of the Management Board members is determined partly on the basis of salaries at comparable companies. For DOCDATA N.V. these include internationally operating companies listed as a SmallCap on Euronext Amsterdam. For the accrual of the pension entitlements of the Management Board members, DOCDATA N.V. contributes on the basis of pledged contributions, in accordance with a defined contribution age scale. A personal contribution of 4% of the pension base applies for this pension scheme.

### Short-term variable remuneration component

The short-term variable remuneration component, which consists of a cash bonus and short-term share granting ('bonus shares'), is determined with reference to a certain capped percentage of the Management Board member's fixed salary. The determination of this depends on criteria relating to the company's profitability over the financial year that has ended (operating result) and the realisation of personal objectives set in advance, which are aligned with the strategy and operational objectives. The personal objectives are focused on strategy and operational matters and are evaluated and assessed for relevance in the interim, during the year.

### Long-term variable remuneration component

At the end of 2009, the Supervisory Board decided, at the proposal of the Remuneration Committee, to terminate the Option Plan 2006 with immediate effect and to no longer grant any options under this plan. All options from the 2008 and 2009 series still outstanding at 31 December 2012 were exercised in 2013. To replace the terminated option plan, a Performance Share Plan (PSP) was introduced with the approval of the General Meeting of Shareholders on 12 May 2010. The Supervisory Board can grant shares to the Management Board if the long-term objectives based on Total Shareholder Return (TSR) are achieved. The Management Board is authorised to offer, with the approval of the Supervisory Board, to granted shares up to maximum 1.0% per year of the total number of issued shares of DOCDATA N.V. This granting of shares may be offered to the Management Board and other members of the international management who have important influence on the Group's strategy and its execution. The exact number of shares to be granted under the PSP is determined annually by dividing the available value

granted by the Supervisory Board by the fair value of the share at the moment of granting, which is set after adoption of the financial statements by the General Meeting of Shareholders and after the DOCDATA N.V. share goes ex-dividend. The actual number of shares to be granted annually is based on the realisation of long-term objectives based on the TSR. A higher realised TSR will in this case result, via a certain sliding scale, in a higher number of shares to be granted. Following an evaluation carried out by the Remuneration Committee of the experiences during the first year after the plan was introduced, the conditions of the PSP were adjusted on one point in 2011. This adjustment involved the introduction of the possibility for all participants in the PSP, including the members of the Management Board, to sell a sufficient number of unconditionally received shares in order to pay the taxes owed at the end of the three-year performance period. The remaining number of shares granted must be held for the duration of the subsequent two-year transfer restriction period. A scenario analysis carried out by an independent external expert takes place each year.

### Employee benefits

In addition to the remuneration conditions and option scheme set out above, agreements have been made on employee benefits. These are in keeping with the relevant position and include, among other things, schemes relating to the company car, telephone expenses, healthcare insurance and a limited fixed monthly expense allowance, as is customary for similar positions.

## Corporate Governance Statement

The weighing of the interests of all stakeholders involved in the Group, as advised by Dutch law and the Corporate Governance Code, has always served as an important basis for the Group's corporate policy. DOCDATA N.V. does not have any protective or control constructions.

This is a statement pursuant to section 2a of the Decree adopting additional requirements for annual reports dated 20 March 2009 (hereinafter the 'Decree') and is also available to the public electronically via the website [www.docdatanv.com](http://www.docdatanv.com) in the Corporate Governance section. For the disclosures in this statement as defined in sections 3, 3a and 3b of the Decree, see the relevant parts of the 2014 annual report. The following disclosures are deemed to have been inserted and repeated here:

- compliance with principles and best practice provisions of the Code (page 25 'Corporate Governance');
- the main features of the management and control system relating to the Group's financial reporting process (page 18 'Risk profile and control');
- the functioning of the meeting of shareholders and its main powers and the rights of the shareholders and how these can be exercised (page 26 'General Meeting of Shareholders');

- the composition and functioning of the Management Board (page 6 'The Management Board' and page 28 'Remuneration of the Management Board');
- the composition and functioning of the Supervisory Board (page 30 'The Supervisory Board' and page 31 'Report from the Supervisory Board');
- the rules for appointing and replacing the members of the Management Board and the Supervisory Board (page 26 'General Meeting of Shareholders');
- the rules for amending the company's Articles of Association (page 65 'Amendment of the Articles of Association');
- the powers of the Management Board in relation to the possibility of issuing or buying shares (page 65 'Issue of shares' and 'Buyback of own shares');
- the transactions with related parties (page 110 'Employee benefits' and page 119 'Related parties') of the consolidated financial statements of the Annual Report 2014.

## Outlook

For DOCDATA N.V., 2015 will be a year with challenges and investments in our future. DOCDATA N.V.'s aim in 2015 is to maintain the company's current healthy level of solvency and liquidity. Where necessary we will strengthen or expand the organisation.

In 2015 Docdata will see the expiration of a number of client contracts that will not be renewed. We do expect that several important customers will grow further in 2015 and that new clients will be implemented. E-commerce parties will be focusing more on profitability and we will contribute to this with investments centring on technology and smart solutions. That is why we will be working together with our clients to find ways to lower costs throughout the chain, so that our clients can operate at a profit.

Although IAI has a fine pipeline for potential orders, it does not yet have enough orders in the order book for 2015 at the moment. The global economic conditions make it difficult for many governments to invest or prompt governments to postpone their decision making. As a result, IAI has noticed clear delays in the conversion of leads into concrete orders. In 2015 IAI will conclude investment in a number of developments and use these to expand and strengthen its product portfolio.

# The Supervisory Board

(From left to right)

## **Henri (Harry) M. Koorstra, Chairman (Dutch, 1951, man)**

- Supervisory Board member since 2013, current term until 2017.
- Former member of the management board of TNT N.V. and Chief Executive Officer of PostNL N.V.
- Chairman of the Supervisory Board of Koninklijke Swets & Zeitlinger Holding N.V.
- Chairman of the Advisory Board at Hermans Investments B.V. and member of the recommendation committee of Stichting Kinderhulp Bodhgaya.

## **Dirk Lindenberg (Dutch, 1949, man)**

- Supervisory Board member since 2006, current term until the end of the General Meeting of Shareholders in 2016.
- Shareholder and Director of Blikkenburg B.V.
- Member of the Supervisory Board for Astor Participaties II B.V., BE Semiconductor Industries N.V., Midlin N.V. and TIE Kinetix N.V.

## **Adriaan (Aat) Schouwenaar, Vice chairman (Dutch, 1946, man)**

- Supervisory Board member since 2009, current term until the end of the General Meeting of Shareholders in 2015.
- Former Chief Executive Officer of Endemol Holding N.V.
- Chairman of the Supervisory Board of the Nationale Stichting tot Exploitatie van Casinospelen in Nederland (Holland Casino).
- Member of the Supervisory Board at ADG dienstengroep S.E. (vice chairman), Brunel International N.V. (vice chairman) and Stadion Amsterdam N.V.

## **Johannes V. (Victor) Elsendoorn (Dutch, 1954, man)**

- Supervisory Board member since 2006, current term until the end of the General Meeting of Shareholders in 2018.
- General Director TNO Bedrijven B.V.
- Member of the Supervisory Board at YES!Delft B.V.
- Member of the Supervisory Board at Green Chemistry Campus B.V.





# Report of the Supervisory Board

Revenue in 2014 remained stable at € 168.7 million thanks to a record year for IAI and the strong underlying vigour of Docdata. During a number of sessions in 2014 we discussed the progress of the execution of the strategy Vision 2020: “Smart Growth” with the Management Board and company management. With technology as the driving force, Docdata and IAI are working to develop innovative solutions. Both companies are investing in the organisation, new products and smart solutions that in the long term will offer good opportunities and possibilities for realising further growth in revenue and increasing the return.

As Supervisory Board, we see that in 2015 Docdata will be confronted with the non-renewal of a number of client contracts. We also see, however, that clients would like to strengthen their strategic position through longer-term cooperation with Docdata. IAI achieves a significant part of its revenue from a market in which governments must take decisions on orders. IAI can itself exert very little influence on that.

In 2015, together with the Management Board and management of both companies we will monitor the realisation of the objectives that have been set, with an open and mutually critical attitude.

## Financial statements, dividend and discharge

The financial statements drawn up by the Management Board for the 2014 financial year have been audited by KPMG Accountants N.V., who have issued an unqualified audit opinion. The Supervisory Board acknowledges the move towards promoting transparency and the possibility for the auditor to devote attention to this in a more company-specific report as contained on page 132 of the Annual Report 2014. The financial statements were discussed by the Audit Committee and Supervisory Board in the annual meeting with the external auditor and Management Board on 23 March 2015. We have approved the 2014 financial statements and we propose to the General Meeting of Shareholders to be held on 12 May 2015 that:

- the 2014 financial statements be adopted;
- the proposal for the profit appropriation, including the proposed dividend of € 0.55 per share, be approved;
- the Management Board be granted

discharge for the policy it has pursued; → the Supervisory Board be granted discharge for the supervision it has exercised.

## Meetings of the Supervisory Board

The Supervisory Board met with full attendance on eight occasions in 2014: seven times in physical meetings and once via telephone meeting. Of these meetings, the Supervisory Board met once without the attendance of the Management Board. There were also monthly talks between the Chairman of the Supervisory Board and the CEO and various contacts between individual members of the Supervisory Board and the Management Board and management members of the different lines of business. The meetings discussed, among other things, the operational financial objectives and investments presented by the Management Board for approval, as well as the financial reporting, budgets and developments in the monthly

results from the two lines of business Docdata and IAI. There was also special attention to:

- the progress of the execution of the strategy Vision 2020: “Smart Growth”;
- the decrease in service provision to the largest client in Germany;
- developments in the United Kingdom;
- developments in important client contracts in connection with investments, capacity planning and developments in results;
- investment projects in the Netherlands and abroad;
- development projects at IAI;
- financing agreements (credit facilities) with banks;
- IT policy and IT developments;
- developments at docdata payments B.V. and supervision exercised on these business operations by De Nederlandsche Bank in the context of the ‘Payment Services Directive’;
- preparation of the proposal to appoint a new auditor.

In its meeting without the Management Board the Supervisory Board discussed the composition and performance of the Supervisory Board itself and that of the individual members. The Supervisory Board uses a check list for this, which includes the following aspects and angles of approach:

- does the Supervisory Board have within its own ranks sufficient complementary knowledge and experience in order to, in relation to the Management Board, both proactively and defensively 'challenge' the strategic options for the two companies;
- does the Supervisory Board have a view on the pipeline for possible successors to members of the Management Board, the management and the Supervisory Board;
- are the Audit Committee and Remuneration Committee performing to satisfaction;
- is every member of the Supervisory

- Board given adequate latitude for his or her point of view;
- does every member of the Supervisory Board respect his or her colleagues;
- is there adequate latitude for minority opinions and are there not too many minority opinions;
- does each member of the Supervisory Board attach sufficient importance to his or her permanent education;
- does the Supervisory Board have sufficient access to the management level below the Management Board;
- were there sufficient company visits to also gather local opinions and impressions;
- did the Supervisory Board devote time to considering the advantages and disadvantages of involving a third party in its self-evaluation;
- in the Supervisory Board's opinion, does the corporate governance policy function adequately;
- have sufficient short-term and long-term areas of improvement been defined to the Management Board.

The Supervisory Board also handles a number of thematic topics during the year, such as, for example, a (long-term) improvement plan for marketing and sales, an annual evaluation of the (development in the) value of the company or its lines of business, an annual evaluation of the status of various stakeholders and an annual evaluation of various instruments for operational management (client satisfaction, quality policy, pipeline for contracts, employee satisfaction, visibility in the countries, etc.).

The resignation schedule was re-evaluated in 2013 with a view to ensuring a more balanced spread. By means of appointments and reappointments in the General Meetings of Shareholders in 2013 and 2014, a schedule was designed whereby each year, one of the members of the Supervisory Board resigns. The Supervisory Board aimed for a balanced distribution of the seats on the Supervisory Board, taking into account the target figures for diversity according to the Management and Supervision (Public and Private Companies) Act. At the moment the Supervisory Board does not satisfy the diversity requirement that at least 30% of the members of the Supervisory Board must be women. The Management Board also does not satisfy the diversity requirement that at least 30% of its members should be women. There is currently no reason to search for a new Supervisory Board or Management Board member. The Supervisory Board emphasises the importance of diversity and will devote adequate attention to this in future nominations for appointments to the Supervisory Board and Management Board.

The Supervisory Board also discussed the performance of the Management Board and that of the individual directors, as well as the remuneration policy. The Board once again ascertained that there is a good working relationship between the Supervisory Board and the Management Board.



### Meetings of the Audit Committee

The Audit Committee met three times in 2014, chaired by Mr Schouwenaar and with the attendance of the CFO and CEO, and once with the attendance of the company's external auditor. In addition to the chairman, Mr Elsendoorn and Mr Lindenbergh were also in attendance as members of the Audit Committee. One informal meeting took place in 2014, at which there was thorough discussion of the most important risks and risk management at the company, as well as the proposal process for granting an audit engagement to an auditing firm. It was decided at the General Meeting of Shareholders on 14 May 2013 that KPMG Accountants N.V. would, for the last time, be granted a multi-year audit engagement extending until the end of the 2014 financial year. Based on the outcome of the proposal process, a number of auditing firms had already been selected; these parties updated their proposals in the second half of 2014 and presented these to the Audit Committee and Supervisory Board. Based on the outcome of the evaluation, a proposal for decision making will be put to the General Meeting of Shareholders to be held on 12 May 2015 for the appointment of a new external auditor for a three-year term, starting with the audit of the financial statements for the 2015 financial year.

During 2014 and the beginning of 2015, the Audit Committee discussed the following key topics and reported on these to the Supervisory Board:

- the format and composition of the 2013 annual figures and 2014 half-year figures;
- the 2014 annual figures in the first meeting of 2015. The auditor reported no material audit differences for the 2014 financial year;
- the external auditor's findings in relation to the audit of the financial statements, the audit report and the follow-up to the recommendations for-

mulated therein. The Audit Committee determined that the company had followed up on these recommendations and that these recommendations were neither material nor serious. The management letter from the external auditor contained his findings and recommendations. These mainly pertained to the automated data processing of the payment platform and Docdata's warehouse management system;

- the functioning of the internal risk management and control system, including the measures taken internally to identify, prevent and report possible fraud;
- the fees for auditors and advisers, including the engagement granted to the external auditor for auditing the financial statements and the performance and independence of the external auditor;
- evaluation of the relationship with and (independent) functioning of the external auditor, which function has been fulfilled by KPMG Accountants N.V. since at least the company's IPO in 1997;
- the conclusion of the proposal process for the granting of an audit engagement to an auditing firm for a longer period of time.

### Meetings of the Remuneration Committee

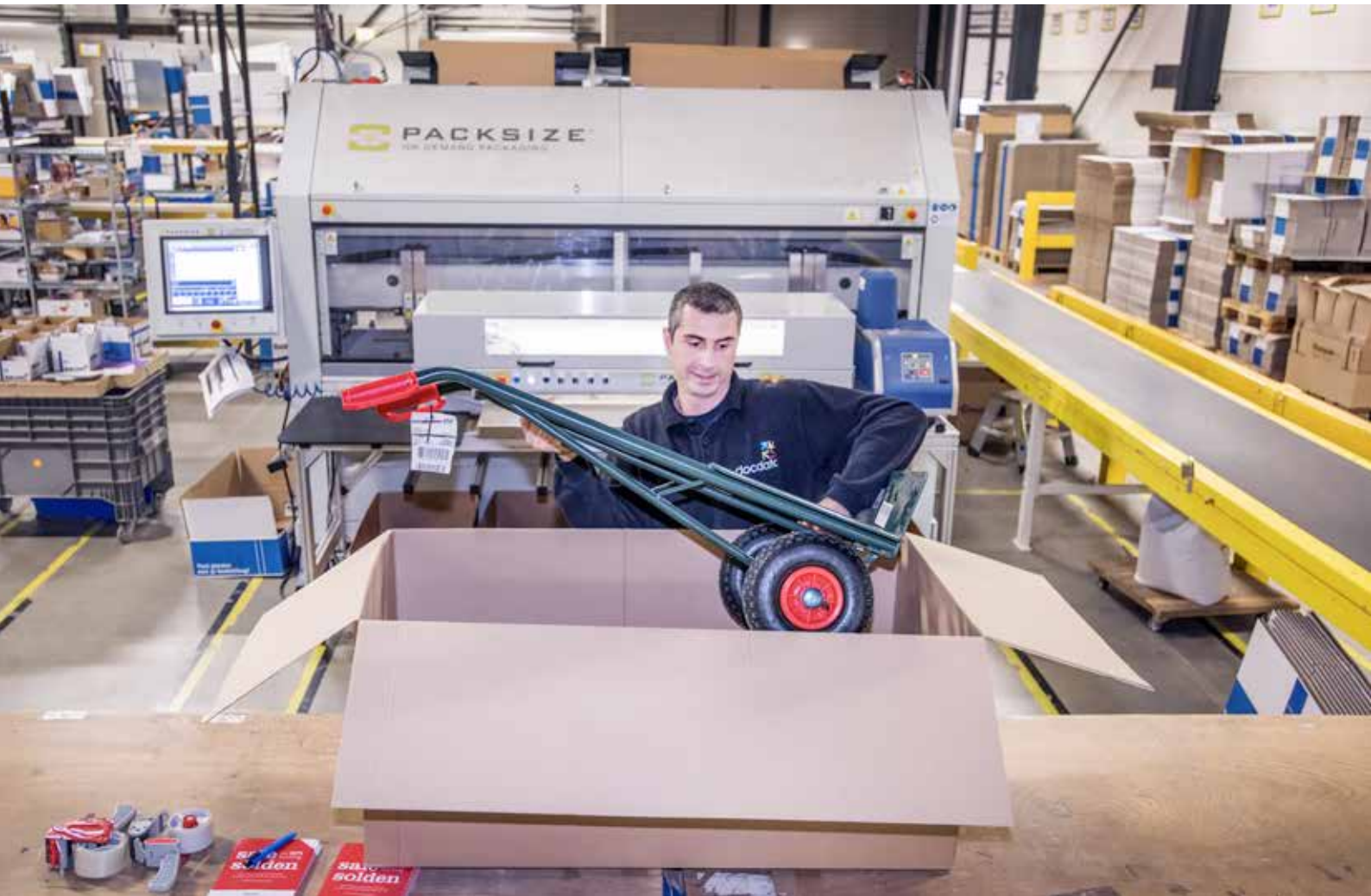
The Remuneration Committee met three times in 2014, chaired by Mr Lindenbergh. The Management Board was in attendance at one of these meetings, on the invitation of the Remuneration Committee. Additional consultation took place on several occasions between the chairman and the other members, Mr Koorstra and Mr Schouwenaar, in preparation for the meetings. The information on the remuneration of the Management Board was included in the 2014

Remuneration Report which was drawn up by the Remuneration Committee and approved by the Supervisory Board. The 2014 Remuneration Report has been posted on the company's corporate website ([www.docdatanv.com](http://www.docdatanv.com)) in the Corporate Governance section. Detailed information on the remuneration of the Management Board and Supervisory Board is also included in the notes to the consolidated financial statements for 2014.

### Remuneration policy for the Management Board

The remuneration policy for the Management Board was prepared by the Remuneration Committee of the Supervisory Board and, at the General Meeting of Shareholders in Waalwijk on 13 May 2014, was explained by the Supervisory Board and dealt with as a discussion point. The remuneration policy was approved by the General Meeting of Shareholders on 15 May 2008. On 12 May 2010 the General Meeting of Shareholders approved the Performance Share Plan (PSP) and on 15 June 2011 a change to the original PSP was approved involving the addition of a 'sell-to-cover-taxes' facility. The PSP was introduced to replace the terminated Option Plan 2006. The Remuneration Committee sought the assistance of an independent external expert for the calculation of the fair value of the Performance Shares and the Total Shareholder Return realised on the shares of the company over a three-year performance period. An independent external expert also performs a scenario analysis and evaluation of the PSP.

The Supervisory Board determines the remuneration for the Management Board within the limits of this remuneration policy. The Supervisory Board endeavours to find a parallel interest between motivating the Management Board and creating shareholder value. The most



recent insights in relation to corporate governance and the general remuneration policy at the company are also taken into account. For this reason, a cap is set for the total variable remuneration for each member of the Management Board. Risk and scenario analyses are applied to the remuneration policy regularly to assess the reasonableness and fairness of the outcomes. The remuneration policy involves four components, specifically a fixed remuneration component (including schemes), a short-term variable remuneration component, a long-term variable remuneration component and the employee benefits. Each of these components is reviewed annually by the Remuneration Committee and compared to the remuneration at other internationally operating companies listed as SmallCaps on Euronext Amsterdam.

The remuneration policy was discussed at length during the meetings of the Remuneration Committee and the plenary Supervisory Board in 2014. The PSP was also evaluated during this and reviewed against the initial starting points and the current legislation and regulations. The Remuneration Committee did not deem any changes to the PSP necessary based on this evaluation. In the meeting of the Remuneration Committee attended by the Management Board, it was decided that the 'last resort' and 'claw back' provisions which already apply to the PSP awards to the Management Board under the remuneration policy would also be declared applicable from 1 January 2014 to the awards to other employees who are entitled to participate in the PSP. The objective of this was to bring the interests of the participants closer in line with the interests of shareholders. In 2014 the Remuneration Committee also studied in depth the

influence on the remuneration for the Management Board and Dutch management resulting from the introduction of a fiscal maximum for pension accrual from 1 January 2015.

#### **Composition and remuneration of the Supervisory Board**

The members of the Supervisory Board are appointed by the General Meeting of Shareholders. The Supervisory Board aims for an adequate combination of knowledge and experience among its members in relation to the company's activities. This translates into an appropriate level of experience relating to matters such as market knowledge, finance, tax issues and economics, technology and social and legal aspects. Efforts are also made to ensure that the knowledge and experience of the Supervisory Board members is also complementary for both lines of business, Docdata and IAI. The Supervisory Board has set up two committees, the Audit Committee and the Remuneration Committee.

The remuneration of the chairman and members of the Supervisory Board is determined by the General Meeting of Shareholders. On 30 May 2012, the General Meeting of Shareholders decided to set the remuneration at € 25,000 per year for the members of the Supervisory Board and € 35,000 per year for the chairman of the Supervisory Board. No additional remuneration is granted for chairing the Audit Committee or Remuneration Committee. All members of the Supervisory Board also receive a fixed monthly expense allowance.

#### **Corporate governance**

The Supervisory Board supervises the policy of the Management Board and the general course of affairs at the company, with the Dutch Corporate Governance Code serving as the starting point. This subject is also placed on the agenda of every annual General Meeting of Shareholders. The principles of the Code are discussed by the Management Board and Supervisory Board and complied with as much as possible; the exceptions to this are explained by the Management Board on page 26.

In accordance with best practice provision III.2.2. of the Dutch Corporate Governance Code, all Supervisory Board members, with the exception of Mr Lindenbergh, are independent. Mr Lindenbergh has an interest of 10.59% in DOCDATA N.V. No share options or rights to shares (Performance Shares) have been granted to members of the Supervisory Board.



# Vision 2020: “Smart Growth”

Our strategy Vision 2015: “Growth through Quality” has been realised and we have once again set out the strategic direction for the coming years in the new strategy, Vision 2020: “Smart Growth”. With this vision we contribute bespoke innovative solutions for specific business models of our clients and the markets in which they operate. The markets for Docdata and IAI also offer abundant opportunities and possibilities for further growth. We set out our Vision 2020: “Smart Growth” in 2014 for both Docdata and IAI.

## **Docdata** **‘Smart in e-commerce solutions’**

Docdata has divided the e-commerce market into five business models, identifying for each model a specific solution for the client that contributes to the success of the proposition of the particular model. In the long term, we believe in optimising the e-commerce chain. Our most important strategic objective is to develop smart solutions for every business model together with our partners and clients and to secure new clients in every business model. The client is the central focus in all our objectives!

## **IAI** **‘Smart in laser technology’**

IAI is strong in laser technology and in developing applications and building systems in which the client is the focus. We want to further apply this unique combination of knowledge and experience in new products and niche markets. The strategic objective is aimed at further growth in the market for document security, building a position in another laser-related market and developing and industrialising an innovative Q-switch laser. The client is the central focus in all our objectives!

Fairness means no prejudice.

Equal allocation of unpleasant tasks to all employees of the department.

Fairness means that all strive for the same goal.

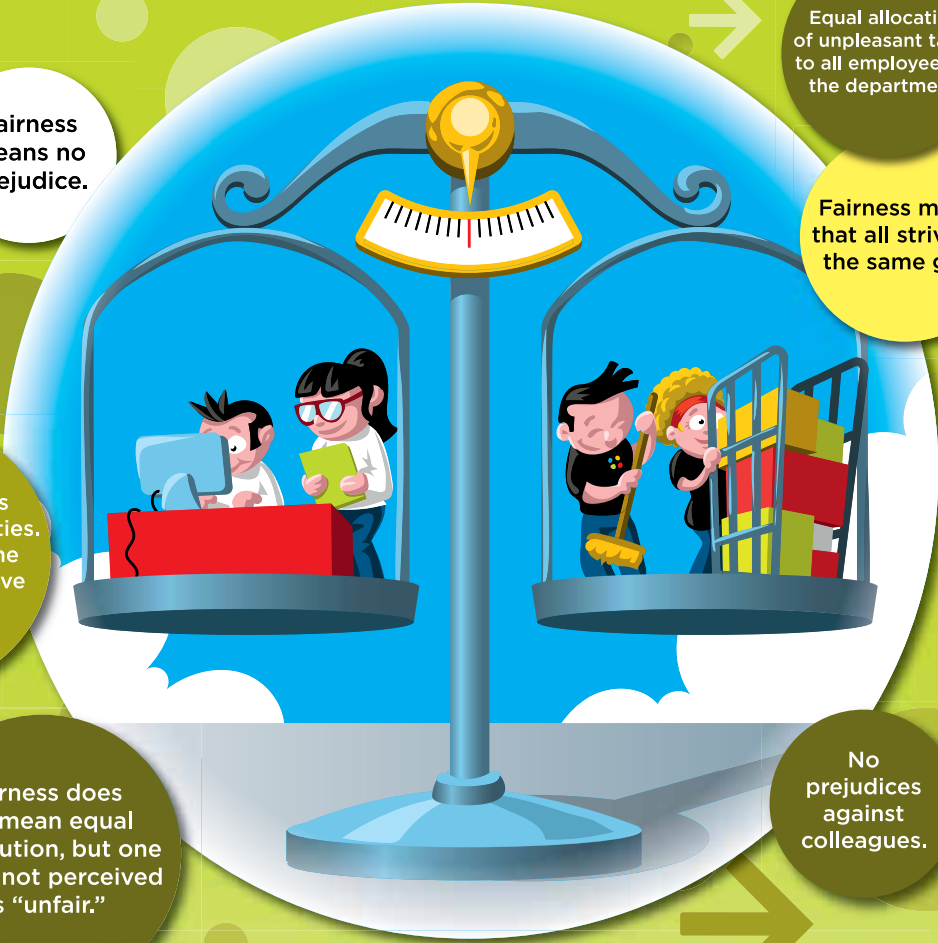
Fairness also means following unwritten rules.

Treat mistakes as learning opportunities. Do not look for the guilty one, but solve the problem.

You cannot form a judgement about someone without getting to know them first.

Fairness does not mean equal distribution, but one that is not perceived as "unfair."

No prejudices against colleagues.



# FAIRNESS

## CAREER



Fairness means giving everyone a chance.

Take responsibility for your own mistakes and do not place the blame on others.

Equal opportunities for all, regardless of gender, skin colour and nationality.

Fairness, even if it is not always easy.

Unfair!



Fairness is a prerequisite for good cooperation.

Support and joint solution of problems.

Fair criteria for career opportunities.

Decisions that concern all team members will be announced to all team members.



# We are Docdata, smart in e-commerce solutions

## Recap Vision 2020

Since the late 1990s, we have seen e-commerce companies come and go. In the Vision 2020 document published in 2014, we outlined the characteristics of the business models which we believe can remain successful in e-commerce:

1. General resellers
2. Omni Channel resellers
3. Brands & Manufacturers
4. Deals Resellers
5. Specialised Resellers

All these business models have specific characteristics which allow them to be successful. For example, General Resellers offer extensive and

attractively priced assortments, whereas Omni Channel Retailers tend to focus on offering a total shopping experience, both offline and online. Although some successful hybrid models exist (e.g. Zara being both a brand as well as an Omni Channel Retailer), we believe that businesses that bet on two horses won't ultimately be sustainable. It is vital for (online) retailers to choose colours and stick to their chosen model to claim their place in the market in the long term.

We as Docdata acknowledge these different approaches in selling products to consumers and believe that each model needs a specific solution. Vision 2020 lays the basis for the coming years by stating that we as Docdata will serve

our partners by offering them smart, scalable and high quality solutions tailored to their specific business model. We want our clients to be successful in growing their business and selling their products to consumers all over Europe.



# General trends in 2014 influencing strategy & choices

## Winner takes it all

We see that the largest of the e-commerce players, the General Resellers, remain strong and are even able to acquire more market share from their smaller competitors. The fact that most General Resellers now also open their platform as a market place further boosts their growth. The most famous example is Amazon, which shows strong growth in every market it has entered and will provide tough competition in markets it will enter in the future. Local heroes like bol.com in the Netherlands or Allegro in Poland will be able to head off competition with the American super retailer, but only if they keep pushing their service levels, product range and client service to the highest possible (local) standard. An important factor is the almost unlimited product range offered by these players.

## UK-based Omni Channel players set best practices

The United Kingdom remains one of the most advanced e-commerce markets in the world. Competition is tough and therefore pushes parties to keep innovating and integrating sales channels. All these ingredients make the UK a great showcase for evaluating new trends and innovations in the market. Marks & Spencer's are integrating "eBoutiques", digital fitting rooms, in their department stores, while John Lewis, who pioneered the Click & Collect concept in 2009, are experimenting with Omni Channel stores offering the full assortment on a much smaller footprint. Delivering a fully seamless shopping experience across all sales channels is the key for the survival of (traditional) retailers. We expect further disruption in several markets where the Omni Channel front runners will leave behind those traditional retailers who do not make the change. An important driver in this market is the option to collect/return the goods in store.

## Direct channels are the key to improving brand experience

Brands have an interesting decision to take: to sell directly to consumers or via retailers. More and more (high end) brands in many different segments (fashion, FMCG, electronics) are pushing their direct channels. The main driver behind this is not necessarily just to increase revenue but above all to enhance brand value and make direct contact with the consumer. Whenever a brand is able to provide a premium brand experience, it will be able to charge a premium price. Examples are Nespresso and Maille.

## Agile supply chain allows fast delivery concepts

General Resellers are seeking more and more partners (brands / suppliers) who can fulfil orders with the same speed and service levels as the General Resellers themselves. The advantages of fast delivery concepts are clear: while the General Resellers are able to reduce their inventory costs, the brands / suppliers will be able to push their full range of products through different sales channels which would normally only procure the fast movers from the range. The main challenge for brands and suppliers is to transform their bulk focused supply chain into an agile, high quality & service focused fulfilment operation, combined with the necessary technology to enable sales via various sales channels. In addition, fast delivery options are required, like next day or even same day delivery.

## Real time services

In e-commerce, connecting various (third party) systems has always been the key to providing the required service and experience. Real time services have always been used for online payments and risk scoring. We also expect it to be applied in areas like fulfilment (one view of stock), product pricing (dynamic) and client service.

## International return services

"Amazon wants to increase its service level for consumers and requires resellers on its international Amazon marketplaces to provide either a local returns address or cover the return shipping costs." Easy (international) returns were an important differentiator for e-commerce companies. Now it is seen by consumers as the standard to be offered. More and more consumers order from international websites so the need for local return hubs is increasing.

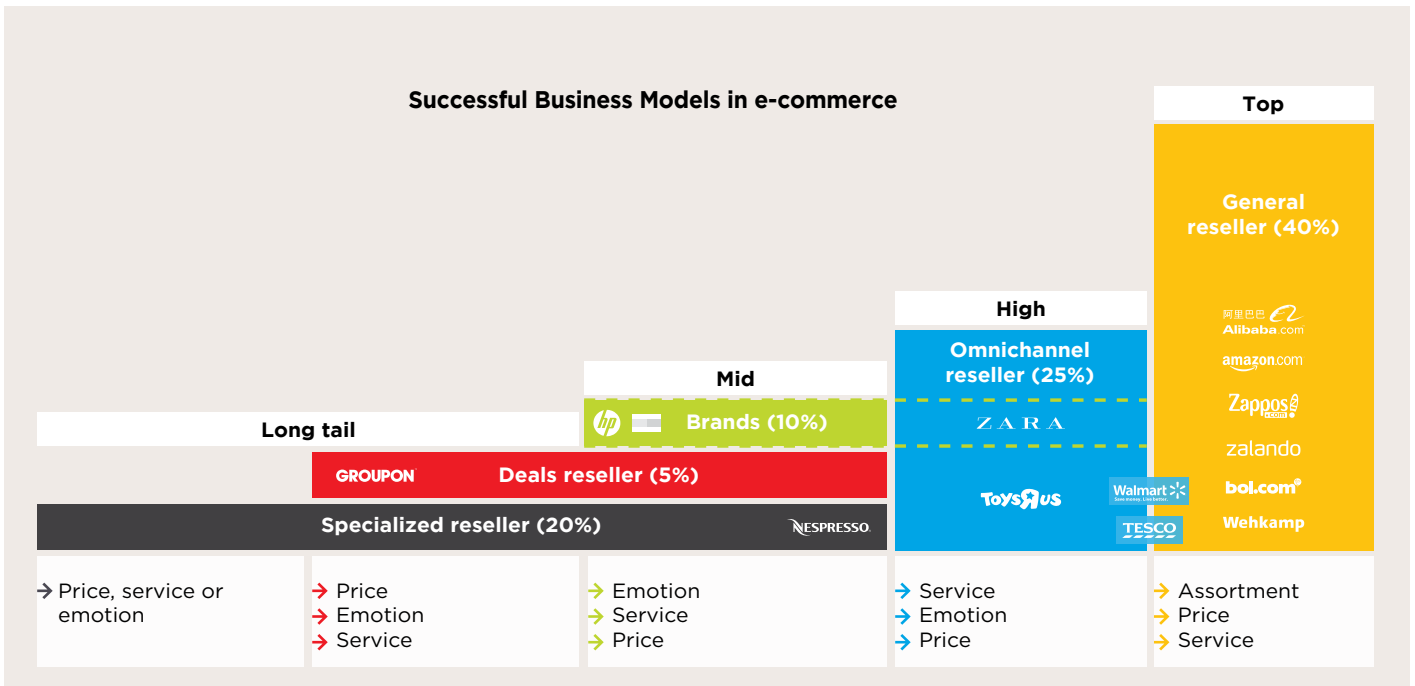
### Wearable technology

A trend which started in 2013 with the introduction of the Google Glass and the emergence of smart watches will find increasingly wider applications in the coming years. Wearable technology will allow people to access information faster than before and will also provide new types of information, for example concerning personal health. We expect wearables to increase the health focus of consumers. Furthermore, there are possible applications in business operations (for example picking processes, quality control, etc.).

### Crowd funding, YouTube stars and obstacle runs

Three seemingly unrelated phenomena which do affect how we buy online. Once a product has been successfully funded via sites like kickstarter.com or indiegogo.com, production will often be ramped up to meet demand. This often involves shipping thousands of products in the initial weeks, after which demand will probably drop to a much lower level. A similar trend is happening with YouTube stars who sign commercial deals to promote specific products in their clips, causing a run on these

products immediately afterwards. Similarly, events like the popular Mud Masters obstacle run in the Netherlands also trigger a peak in demand just before and after these events. Although these three activities or events do not generate long term sales volumes, processing high volume in a short space of time does require an extremely flexible fulfilment operation.





# Docdata business review 2014

For Docdata, the year 2014 was a year in which the impact of the announced reduction in services to our biggest client in Germany, which decided to insource the majority of its fulfilment activities, was almost completely offset by the growth of the Benelux operation and the start of several new clients in Germany. An underlying growth of 20.6% was achieved (compared to 11.3% in 2013).

Key projects involved the expansion of the Dutch operations, the consolidation of the German operations, the expansion of the Polish operations and laying the basis for a company-wide programme to enhance our operational excellence. In 2014, we opened two new returns hubs with partners in France and Spain. Docdata now operates its fulfilment and returns services in 8 European countries, covering most of Europe. The Polish operation was expanded to support a monthly returns processing capacity of more than 2 million items. More and more clients with an international focus are interested in the solutions provided by Docdata, which offer a fast and cost effective way to process a large number of returns.

## Specialised Resellers welcomed

One of the key aspects we acknowledged in our Vision 2020 document is that retailers who specialise in a certain product category often require specific process adjustments to provide a great experience to the end consumer. Examples are combining tailored documentation such as recipes, background information and product descriptions, gift wrapping, etc. Our Münster based operation successfully welcomed several interesting new Specialised Resellers focused on the wine & beverages, food and beauty market. Although the operation in Münster is considerably smaller than in Waalwijk or Berlin, it is

much better able to support specific client needs to their respective niche markets.

## Technology

Use of technology is a key pillar of our strategy. Technology has always given Docdata a key competitive edge which has allowed us and our clients to grow faster in recent years. To keep up with all the new developments in the market, it is important for us to have a clear vision regarding the type of technology and knowledge we need to stay competitive. In 2014, we invested heavily in the following technology:

### Advanced fulfilment solutions

The systems running our fulfilment operations have always been key assets to our company. Upgrading and replacing components is a delicate process, because our clients expect us to continue dispatching hundreds of thousands parcels every day. In 2014, a multidisciplinary team produced a road map identifying the required upgrades and the focus points for the coming years. An important element is to boost the flexibility and speed of integration with external parties, while further standardising internal processes. This will allow us to integrate clients, carriers and other sub-contractors faster, without affecting our strong scalability and flexibility. Apart from the road map, we have been focusing on optimising internal processes and cooperation with external parties. A successful project involved the implementation of a new advanced batching algorithm in partnership with Eindhoven University of Technology to optimise picking routes within our warehouses. We have also been able to further extend the cut-off time for the carriers to pick-up orders. Orders in Waalwijk can now be processed up to 2.15 a.m. These orders will then be delivered to

consumers in the Netherlands later that day and in Belgium from 8.00 a.m. In our German operation, we have divided our activities into two big fulfilment centres, i.e. the Fashion fulfilment centre and the Home & Living fulfilment centre so that we can focus on the specific processes required for these specific product categories. This allows us to offer bespoke solutions related to the quality of packaging and the handling of products, for example.

Automated packing systems have been implemented and the opportunities and performance of our warehouse management systems are continuously being improved.

Other innovations include picking & packing using tablets, internal warehouse transportation systems and wearables (e.g. Google Glass). These projects are continuously evaluated in order to continue improving the quality and efficiency of our processes.



### Animation: Connect



<https://youtu.be/4KeExhX1mmo>

### Docdata Connect

A limited number of General Resellers area acquiring more and more market share, and increasingly opening up their platforms to third parties, thus becoming true market places. The main advantages for these market places is that they are able to capitalise on the large traffic they generate on their websites and that third parties are able to display their full product range to a very wide public without investing heavily in marketing. Docdata Connect allows Docdata clients to take advantage of these market places by offering standard interfaces to over 40 of these market places and fully integrated with the high quality fulfilment services we offer. The advantage of having a strong platform like Connect and leading fulfilment services allows Resellers and brands to provide a premium shopping experience to clients wherever they buy.

Connecting marketplaces is the first step in the Connect proposition. The platform is very flexible in integrating other services and systems. Examples are dynamic pricing, customer service and one view of stock.

### Click & Collect

While John Lewis pioneered Click & Collect back in 2009, today many retailers with both an online and offline presence offer a collection point in store to pick up online orders. The volumes delivered via Click & Collect are increasing, in some cases up to 25% of the total

volume. Although the advantage for the consumer seems clear, it can cause problems for retailers to handle such large volumes of parcels in their stores. Forecasts of incoming parcels are not usually available. Furthermore, there it is difficult to find the required space when the products arrive in the store. Additionally, standard solutions do not offer much functionality with regard to the shopping experience or information to improve the dialogue with the consumer.

We have recognised this and have therefore developed a bespoke Click & Collect solution in partnership with the Bijenkorf in order to manage all these aspects. The complete flow of handling parcels in store is managed via our Click & Collect solution, which runs on mobile devices. This solution makes it very easy for employees to locate the requested parcel in the store, consumers can immediately try on the products and if necessary return the items and receive a refund at once. Alternatively, they can place a new order for a different item which suits them better, or just buy a new article from the store. This ultimately increases the conversion for the retailer, turning the Click & Collect service into a money generating service.

### Docdata Payments

Docdata Payments has further developed several internal systems to provide a reliable, robust and scalable base enabling clients to offer most European payments methods to their consumers. SEPA, the new payment standard in Europe, was implemented in 2014 and new services like 'PayMail' were developed.

Docdata Payments is a collecting Payment Service Provider and as such ensures that its clients' online payments are processed securely, quickly and correctly. The activities of Docdata Payments require a licence from De Nederlandsche Bank (DNB). Docdata Payments was granted this licence in

2011 and has since been regulated by DNB. The Docdata Payments market is broader than the Fulfilment market because it is not limited to physical products. We also offer our payment platform to clients selling digital services. The payment platform was developed in-house and since 2014 with own staff only. An important feature of the platform is the One Page Check Out, which enhances the conversion rate of our clients.

For our clients, the uptime of our platform is a crucial factor. In 2014, the uptime was again nearly 100%. In 2014 we further improved our platform to be completely compatible with SEPA, the new payment standard in Europe. We developed an interface linking our payment platform to the 18 leading webshop platforms in Europe, thus enabling our clients to use whichever platform they want.

### Animation: Click & Collect



<https://youtu.be/ipGpNYaxdgg>

# Key subjects and developments in 2015

2015 will be a year in which we will strengthen our base and roll out the strategy developed in 2014. Operational excellence, continuous improvement and innovation are the main themes on which our organization will focus. We will also continue to intensify our relationship with our clients in order to keep improving together. Below, you will find an overview of the key trends in the markets and projects which are important to us in 2015.

## Trends

We foresee the following trends in the coming year. General Resellers will keep their foot on the accelerator. Bol.com and Ahold have presented an ambitious plan to further expand their online footprint. Besides their organic growth, they will stimulate third parties to use of the Plaza program. "Logistiek via bol.com", the fulfilment solutions provided to third parties, operated by Docdata, will strengthen the proposition. The entrance of Amazon will push competition even more in the Dutch market. In Eastern Europe, players will try to strengthen their market share in the same way.

Another trend which we expect to happen shortly is the integration of the B2C (Business to Consumer) and B2B (Business to Business) supply chain. Due to the different service requirements and processes, many retailers have split these supply chains to cope with the ever increasing demands from the consumer with regard to delivery speed and quality. We foresee that the B2B order flow will merge into the B2C stream because retail deliveries are increasingly behaving like consumer deliveries. Retail orders will include fewer items. Deliveries will be more frequent, thus beginning to resemble the order characteristics of B2C orders. For Docdata, handling both B2B and B2C orders therefore offers an opportunity.

Brands will continue to take more and more control over sales channels. Brand experience is crucial, so when they sell their products in market places, they also want control over how the product is presented, the product descriptions, etc. By selling directly on these channels, they regain the control over their products. We therefore expect more and more brands will take the lead in taking part in partner programmes like Amazon, ASOS, bol.com and Zalando.

Specialised Resellers which continue to focus on their core products will be able to maintain their market share. By providing comprehensive background information, great services and the addition of a 'personal touch', consumers will remain loyal to these Specialised Resellers. To better support these resellers, we will provide them with relatively smaller but dedicated facilities and support which are more suited to their operations.

## Operational Excellence & Technology

Optimising our core processes will remain key in 2015. We will continue to invest in optimising internal warehouse transport, better algorithms and systems supporting key operations. We will be further standardising quality systems across the group, by sharing best practices and pro-actively offering better solutions to our clients. As defined in the 2014 technology roadmap, we will implement various system improvements to keep our vital systems in line with the best technology available in the market. Key system improvements are:

**Universal printing solutions:** smart printing solutions within our fulfilment centres allows us to process huge volumes of orders without any limitations as well as adding flexibility and personalisation to our processes

## Enterprise application integration

**software:** this will allow us to create a very flexible layer which is able to manage all communication with external parties, while keeping internal systems & processes standardized as far as possible.

**Transport management system:** in order to offer our clients a wide range of logistic "last mile" carriers which best suit their needs, we will implement a new system which makes it easier to set up, manage and maintain all integrations with these logistic service providers.

**Docdata Connect phase 2:** In addition to the market place integration, we will continue to extend the Connect solution. For various clients, we are already connecting regular web shops, by sending collect messages on the Connect platform. This will allow the brands to offer their full product assortment on different sales channels. Additionally, we will extend the possibilities of having multiple stock locations available for selling online: this essentially means we can ship German orders from our German facilities and Spanish and Portuguese orders from our Barcelona facility, for example. Combining the functionality of Click & Collect and Docdata Connect, it will also be possible for retailers to ship from their stores using the stock available in the physical store. This enables fast delivery options like "pickup in store within 30 minutes" or "pizza style" deliveries within urban regions.

## Key developments in 2015 for Docdata Payments

In 2015, Docdata Payments will develop specific features for selected market segments. One example is our POS (Point of Sale) solution for events. This enables our clients to sell their products at events where the transaction is registered as an







online transaction and payment is made via a POS terminal (docdata Point 2Pay service) and collected and processed by us. If necessary, we can provide our clients with a pop up webshop to use before, during and immediately after the event.

Other planned developments for 2015 include a brand new back office system

for our clients ('look & feel' and functionalities), migration of all our clients to the One Page Check Out, improved fraud detection options, one-click payment and Link2Pay. With Link2Pay, our clients can collect their outstanding amounts quickly by sending mails or texts to consumers with a direct link to our payment platform. It can also be used for one off sales activities.

**Daniël Ropers,  
director of bol.com:  
“Docdata has made an  
important contribution  
to the growth of bol.com  
and has always been  
a reliable and flexible  
partner.”**



*Signing of new five-year cooperation agreement with bol.com.*



# We are IAI: our strength lies in laser technology

We are a high-tech engineering company specialised in developing, building, delivering and maintaining advanced production systems. These production systems can process various products and materials quickly and precisely. Our core competence is the use of laser technology in automated production systems.

Besides our knowledge of laser technology and optics, we also use other processing technologies, such as inkjet printing and RFID (Radio Frequency Identification). We have competences in machine design, operating software and product handling. These competences enable us to integrate diverse technologies into automated production systems. We have a great deal of in-house knowledge about the interaction

between processes in the production systems and the materials we process. This knowledge forms the basis for our advanced machinery designs. We aim to use this unique combination of knowledge and experience in areas where we can offer our clients attractive systems. This appeal can usually be found in the processing of products or materials whereby unique characteristics can be applied in combination with a product

handling system that transports products through the system quickly, precisely and without any loss of quality.

In 2014, the IAI group achieved a revenue of € 21.6 million and employed an average of 93 employees (FTEs). The IAI group has its head office in Veldhoven and a subsidiary in Thalheim, Germany, called FEHA LaserTec.



# General trends in 2014 influencing strategy & choices

In 2013, we raised our ambition level and defined a growth strategy. In the maturing market of Security Printing, scale matters. We want to explore new markets and become less dependent on the rather unpredictable Security Printing market. Gradually, the Security Printing market has turned into a buyer's market. Clients are becoming increasingly demanding and an excellent relationship with our client base is a prerequisite for success. In 2014, we therefore focussed on client relations and strengthened the relationship where possible. In this consolidating market, various players are repositioning themselves. Larger System Integrators are acquiring smaller players. For example, Gemalto acquired part of Trüb, Safenet and Marquis ID. Some companies are integrating, such as Giesecke & Devrient and Bundesdruckerei. Other System Integrators are restructuring.

Market trends such as splitting up tenders into separate parts for systems, equipment and consumables became more prominent. We intensified the relationship with the main System Integrators and work with them on different business opportunities with different business models. Sometimes we are the subcontractor and the System Integrator the prime contractor. In other tenders, we act as partners and deliver the equipment directly to the end client. This makes the partnership with System Integrators more complex and dynamic. An excellent business relationship based on mutual trust and commitment remains the key to success.

The passport market is increasingly becoming a replacement market. Various end client have replaced their existing systems with new systems. We replaced our systems in the Netherlands, Ireland and Algeria in 2014. Client satisfaction and client intimacy is the key to success within this replacement market. In this demanding market, System Integrators want to differentiate themselves and bring something unique. Many of them are therefore developing new security features like Colour Laser Marking (CLM), Laser Engravable Floating Image (LEFI), Stereo Laser Image (SLI), Zero.Zero and colour printing on PVC/Polycarbonate. We are their partner and develop the

production systems to enable these companies to bring the innovative features to the market.

The market segment which is still growing within Security Printing is Cards. We are now finalising our new CardMasterOne system, a new product platform suitable for all market segments in the Cards market. The CardMasterOne will be a cornerstone in the growth strategy in the Security Printing market.



# IAI business review 2014

We had a year that was characterised by a high delivery level and high investments. In order to implement the growth strategy, we increased our activity level on many fronts. The objective of this strategy is to increase the market share in Security Printing, to develop new markets based on our core competences in the use of lasers and optics, and to introduce state of the art systems to the market. This should lead to a sufficient scale to ensure the required innovations in technologies and products for our clients.

To achieve all this, we not only invested in new technologies and product platforms, IT infrastructure and business processes, we also became more of a network company working closely with clients, research institutes, engineering firms and suppliers in many areas. As a starting point, we are now innovating our product platforms which should lead to a situation where innovations will not have to be recouped against a single order, but over a range of systems based on the same platform. This also reduces the order lead time for new orders. In order to increase the appeal of our product portfolio to our

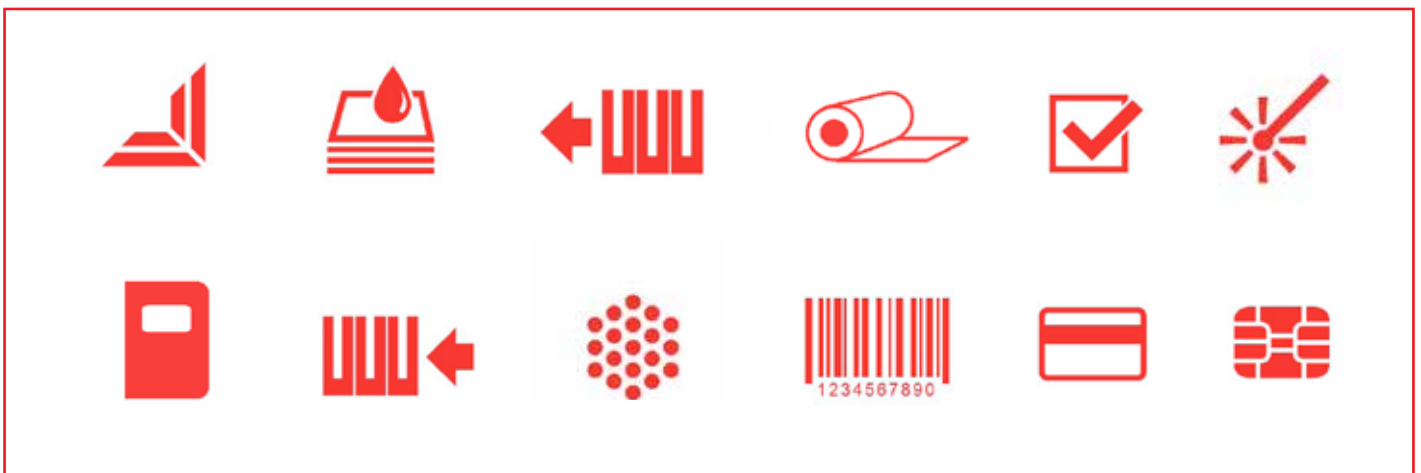
clients, we have invested in platforms for passports and bank notes in addition to the CardmasterOne product platform.

In 2014, we put a great deal of effort into intensifying client relations. We have a very proactive presence in the market and continuously strive to achieve Client Intimacy. Because our activities have become more global, we have invested in local sales support on the continents where most of the activities can be expected in the coming years: Asia and America.

In the Security Printing market, we have a strong global position in the personalisation of passports. This niche market segment generates the majority of our current sales. It is also characterised by its unpredictability in winning orders specifically for the market segments Secured Documents and Bank notes. In the Security Printing market, we have positioned ourselves with regard to companies developing new security features as the partner that enables them to industrialise these features. By developing together, we are able to deliver state of the art systems. A striking example is making a colour image with

colour laser engraving for passports and cards. With the most prominent System Integrators who also develop security features, we have signed contracts or entered into negotiations.

Besides introducing new innovative systems in the market, in 2015 we will also put more focus on continuous improvement. We will implement our improvement projects in order to increase the quality of our systems and reduce the costs. The continuous improvement programme will also be offered to systems already delivered. This will become an integral part of our service activities. These service activities are already an important part of our profitability. For the coming years, further expansion of our service activities will be given priority.



# We develop applications and build systems...

Based on our core competencies, we want to develop new markets. Our core competencies include:

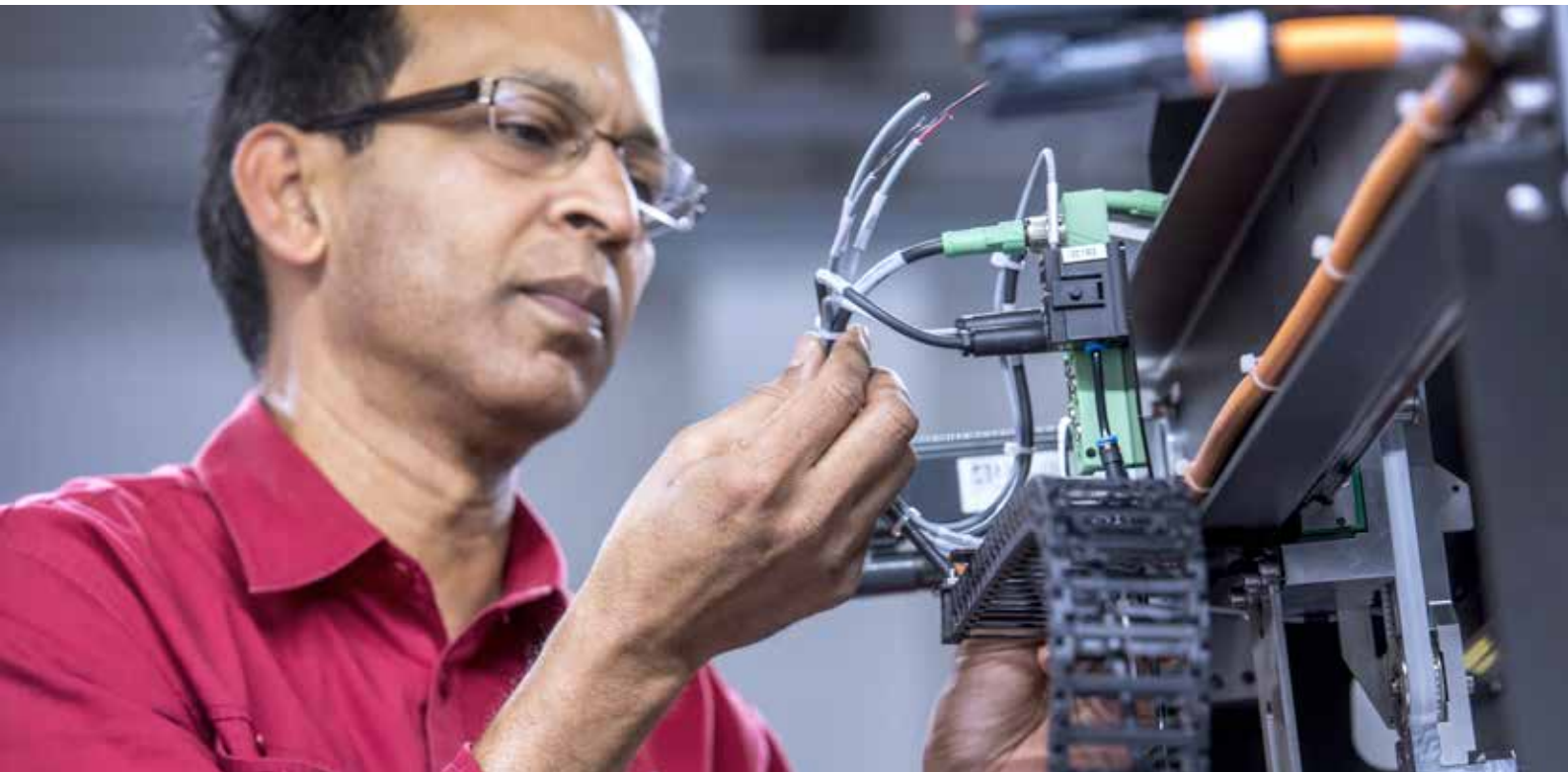
- The development and application of process technology in production systems.
  - This involves processes such as laser engraving, laser perforation and printing on a range of materials.
  - Materials such as paper, polycarbonate, composites and metals are processed.
- The engineering of production systems focused on advanced and highly precise product handling.

We also engage in the following additional activities:

- The design and production of unique CO<sub>2</sub> lasers.

Everything connected with lasers and the associated optics is in our genes. From this position, we start new developments because we have acquired in-depth insight into the interaction between process and materials. This enables us to develop new applications and enter new markets. We also possess a great deal of in-house knowledge of mechatronics and operating systems. We can apply this knowledge extremely effectively to our advanced production systems.

We are not limited to laser applications alone. In the security printing market, we provide complete production systems which make it possible to personalise and secure all kinds of passports, ID cards and other security documents. We offer our clients a complete solution for any security document. To achieve this, we developed additional processes such as UV printing and chip programming, as well as the security controls with vision systems. We also apply these technologies to the introduction of new security features and they form vital input for our Technology Roadmap. We also developed the process and material knowledge necessary for our continued activities as a market innovator.





# ...where our client takes a centre stage

Currently, the majority of our revenue is achieved in the security printing market. However, this market is changing. It is becoming mature and is gradually becoming a buyer's market. This means that prices are under pressure and clients are becoming more demanding. We are therefore increasingly focusing on the specific requirements and demands of the client. The client takes centre stage for us; we aim to forge strong ties with our clients and build intimacy.

We present ourselves as a technology supplier through our three pillars:

- High quality production systems with a long life cycle.
- Leader in innovation, alongside our clients.
- Unburdening our clients; offering the best service throughout the lifecycle of our production systems.

In 2013, we defined a growth strategy and adjusted our ambition level upwards. The objective is to increase our market share in the Security Printing market on the one hand, and develop new markets based on our key competencies on the other. This is a long term target that we also worked towards in 2014. A prominent example of this is applications based on innovations that are used on our existing CO<sub>2</sub> lasers. This innovation will be positioned separately in the market as a laser source, but this technology will also be used in production systems which we have developed ourselves. In order to achieve these ambitions, the following measures were implemented in 2014:

→ Further development of our three pillars by:

- **improving our high quality production systems.**

In 2014, future proof machine platforms were developed where previously the 'innovate-to-order' principle was used. In 2015, we expect to generate revenue based on these developments. In 2014, the following system platforms were developed:

- a new generation CardMaster One system
- a new generation BookMaster Desk system
- a new generation MicroPerf module
- further development of the MicroStorm Q-Switch laser
- redesign and upgrade of our existing CO<sub>2</sub> lasers.

- **innovation in applications and processes.**

In 2014, partnerships were established with major parties in the Security Printing market like Gemalto, Morpho, 3M and Oberthur. For the Automotive industry, we were involved in further developing the technology concept for laser drilling of tiny holes in injection nozzles of diesel injection systems. IAI provides the machine concept and the laser system.

- **the best service during the entire lifecycle of our systems.**

We invested in the expansion of the service portfolio and training of our service employees.

→ Process improvements were put in motion in order to facilitate the intended growth.

We also worked on:

- Being present locally in all regions with sales and service activities.
- Entering into partnerships with knowledge institutes and universities to speed up innovation.
- Making maximum use of the possibilities of the Brainport region around Eindhoven by means of outsourcing.

This positioning resulted in a new branding concept: 'Tilt your expectations'. We say 'tilt your expectations' to our clients, suppliers and partners. By that we mean that clients can expect more from us. More than they were accustomed to. More than the competition offers them, more than they had expected based on their questions to us. It is in our DNA to integrate technology, service and quality in order to help our clients. We enter into dialogue with our clients at different organisational levels regarding the various pillars that underpin collaboration and partnership. Collaboration is the basis of a more intimate client relationship with a long term character. As a result, we are increasingly becoming mutually dependent and we need each other.

At a high level we reach agreement with our clients about business models and options. With Account Management, agreements are made about the Product Roadmap. Agreements are made with Development Managers about the Technology Roadmap and with Operations and Maintenance Managers about the service portfolio regarding our maintenance performance and improvement programmes. We want to play a



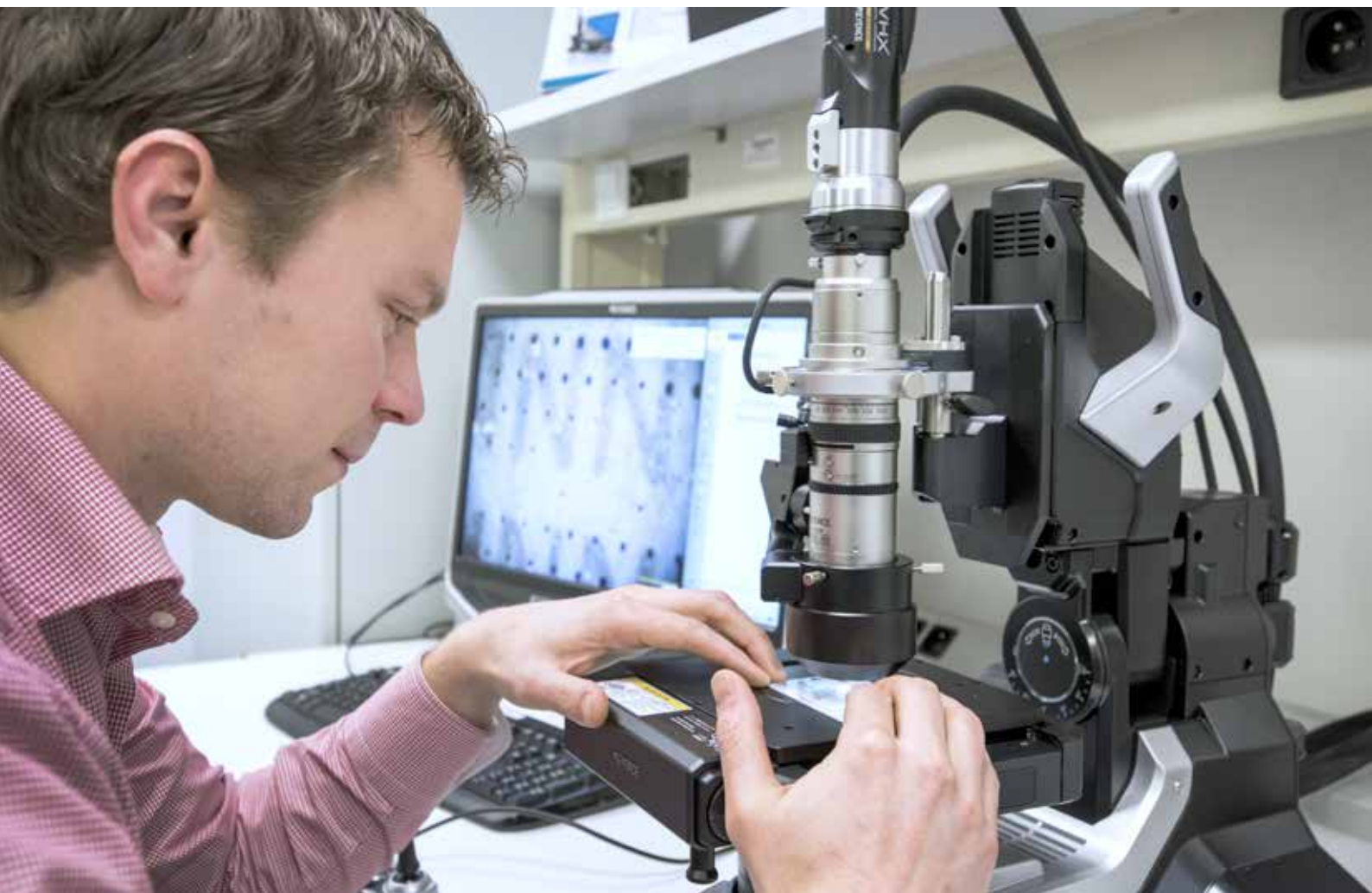
clear role in the value chain of our clients. We continue to be an independent supplier of production systems and do not compete with a system integrator.

The new positioning also includes a policy of continuous improvement. In order to continue surprising our clients, we will have to deliver better systems and better services. In 2014, a continuous improvement manager was appointed to put improvement management high

on our agenda and give it the attention it deserves. In 2015, we expect to benefit from this, in areas such as quality, delivery times and cost price of our systems.

Our strategic goals for the following years are:

- Achieving growth in the market for document security.
- Building up a position in other laser-related markets where our systems can offer unique solutions.
- Continually deepening the competencies base.
- Entering into partnerships with clients and technology partners.
- Participating in other companies, where such participation supports achieving the above goals.





# We analyse the market and stay ahead

## Market development

### Security Printing market

We identify the following sections within the Security Printing market:

- Passports, both with a paper and a polycarbonate holder page.
- Cards, including ID cards, driving licences and health cards.
- Paper documents, including birth certificates, tax certificates, residence permits and title deeds.
- Bank notes.

### Passports

The passport market is currently the most important market for us. We occupy a prominent position worldwide which presently generates the majority of our revenue. Important market developments in this segment include:

- The maturing of the market and its gradual transformation into a buyer's market.
- The market is becoming a placement market as infrastructure is frequently present.
- The paper holder page is increasingly being replaced by polycarbonate.
- Asia and South America will occupy an increasingly important position in the market in the next few years.
- Innovation drives the introduction of new security markets.
- A limited number of independent system suppliers operate in this market.

Good security against potential passport fraud continues to be high priority as a result of the increased threat of terrorism over the previous decade. This is also the driving force behind the continual **renewal of security features**. In addition, we are observing a trend towards replacing the paper holder page with polycarbonate. This makes it possible to introduce a new range of security features, which are well suited to the

laser applications supplied by us. This opens up opportunities for further growth in this market segment. It drives the Technology Roadmap for the entire Security Printing market segment.

Market maturation is showing that in addition to the above-mentioned aspects, the price of a solution is becoming increasingly important. In some tender procedures, the price of production systems is even the decisive factor. Since the infrastructure for introducing new passports is already present in many countries, the production systems themselves are playing an increasingly prominent role in the tender procedures. This has resulted in a decline in the added value of the system integrator in a traditional sense and its role in the market is changing. There is less room for the old business model in which the system integrator was the contract partner and the production systems supplier only fulfilled the role of subcontractor. In the old business model, the System Integrator calculated a margin on the production systems delivered. In many cases, the current market no longer permits a margin over margin. A major competitor has decided to assume the role of system supplier in addition to the role of system integrator. We do not have this ambition and we are keeping to our core competencies.

Market studies predict that the demand for high quality personalisation equipment for security documents will largely come from outside Europe, mainly from Asia and South America, in the coming years. These studies foresee a levelling off in the growth of the market for security documents in the coming years, followed by a stabilisation of the market.

### Cards

As national ID cards facilitate the monitoring of residency and in many cases also make it possible to travel,

the authorities are focusing on improving them. In a number of countries, driving licences also serve as ID and improved security is therefore deemed necessary. We see a clear **trend towards plastic credit card-sized documents** for driving licences and ID cards. It is therefore expected that the high quality card market will show further growth in the coming years.

The card market can be subdivided into three categories:

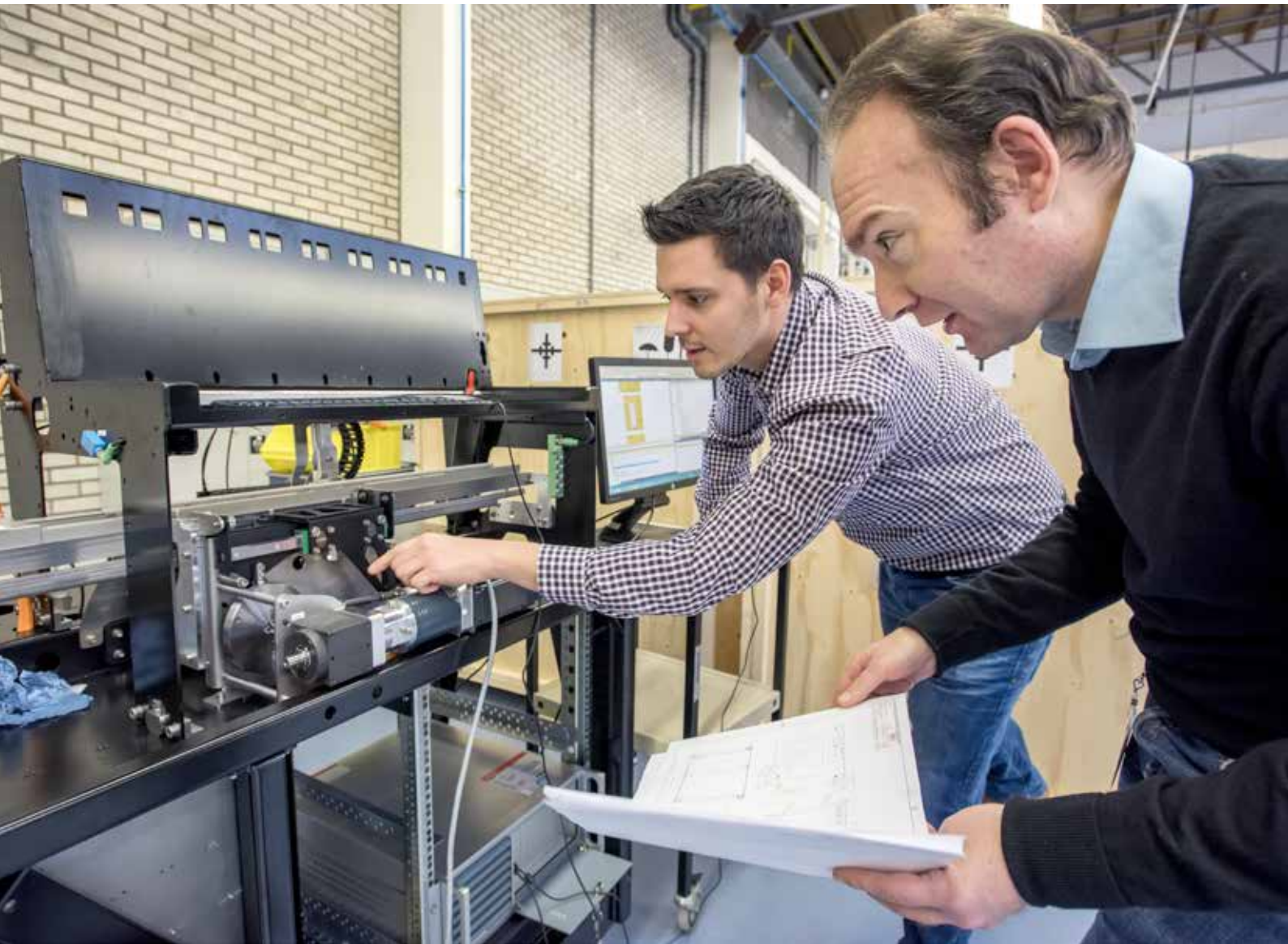
- Government cards (ID cards, driving licences, residence permits).
- Health cards; in other countries these cards are used to identify those who are entitled to care and as authentication for viewing patient records.
- Bank cards (debit cards and credit cards).

We envisage a trend towards bundling multiple functionalities on a single card resulting in a higher security level. The highest market segment for ID cards issued by governments comprises 5% of the volume but represents 10% of the value and aligns well with the passport market in terms of production requirements, client contacts and available technology. IAI has a small market share in this segment but aims to achieve significant growth. In 2014, the newly designed CardMaster One platform gave us access to all three categories in the card market. We will develop new processes for this in 2015. We expect that this platform will contribute to the revenue as from 2016 and help us increase our share in the card market.

### Other security documents

The tendency towards higher security is also evident in documents such as birth certificates, diplomas and title deeds. These documents are usually still issued as paper documents. Besides electronic security by means of central registers,





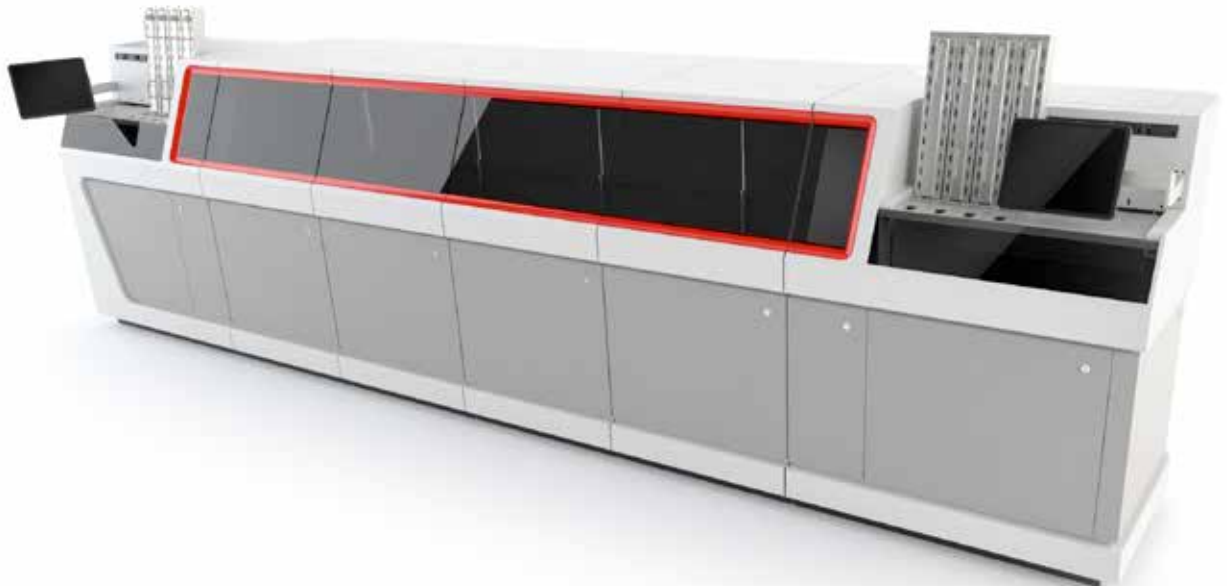
physical security for these types of document is also receiving attention. There are many documents such as cheques, vouchers and certificates of authenticity that cannot be checked by or on behalf of the general public in central registers and need additional recognisable security. IAI has two different production systems in its portfolio for this market segment. These systems have been supplied to South Africa, India, Romania and Poland, among

others. In view of the availability of solutions on the one hand and the market opportunities on the other, IAI has decided to start focusing more on this market segment.

#### **Banknotes**

The banknote industry is a stable market where central banks pay a lot of attention to security against forgery. Besides the economic risk, such fraud has a long term impact because incriminated denomina-

tions often continue to circulate. This can lead to a loss of faith in the chartal money. Security features should be easy to remember and recognise and the public must be able to check them without the need for special tools. IAI re-developed its MicroPerf application in 2014. A new version was supplied in Asia at the end of 2014. In the next few years, IAI will focus more prominently on this market segment with its new MicroPerf application.



# How we serve these markets

## High quality security documents

The security printing market is a world-wide niche market. There are different kinds of players, each of whom we approach in a specific manner. We have identified several focal projects on which we will be concentrating during the coming years. These are projects with a relatively high chance of success, or projects with an important regional function. A plan has been drawn up for each focus country, in which we approach the end client directly in order to create a pull for our technology towards the system integrators. The system integrators will always remain important to us. By operating more and more as a partner, we aim to become a preferred supplier of personalisation systems and thus create a push towards end clients for our technology.

We also influence the market through our technology partners. Together we develop new personalisation technologies and security features and we test

and improve processes. This is aimed at strengthening our position in this market. In 2014 we worked together with prominent players in the security market such as 3M, Gemalto, Morpho, OVD Kinegram and Oberthur. In the coming years we will be working with these parties to market these technologies and features. In the ever-maturing security printing market, the pressure on prices and margins is constantly increasing. In order to mitigate this effectively, we have developed new business models with our clients.

These models can consist of:

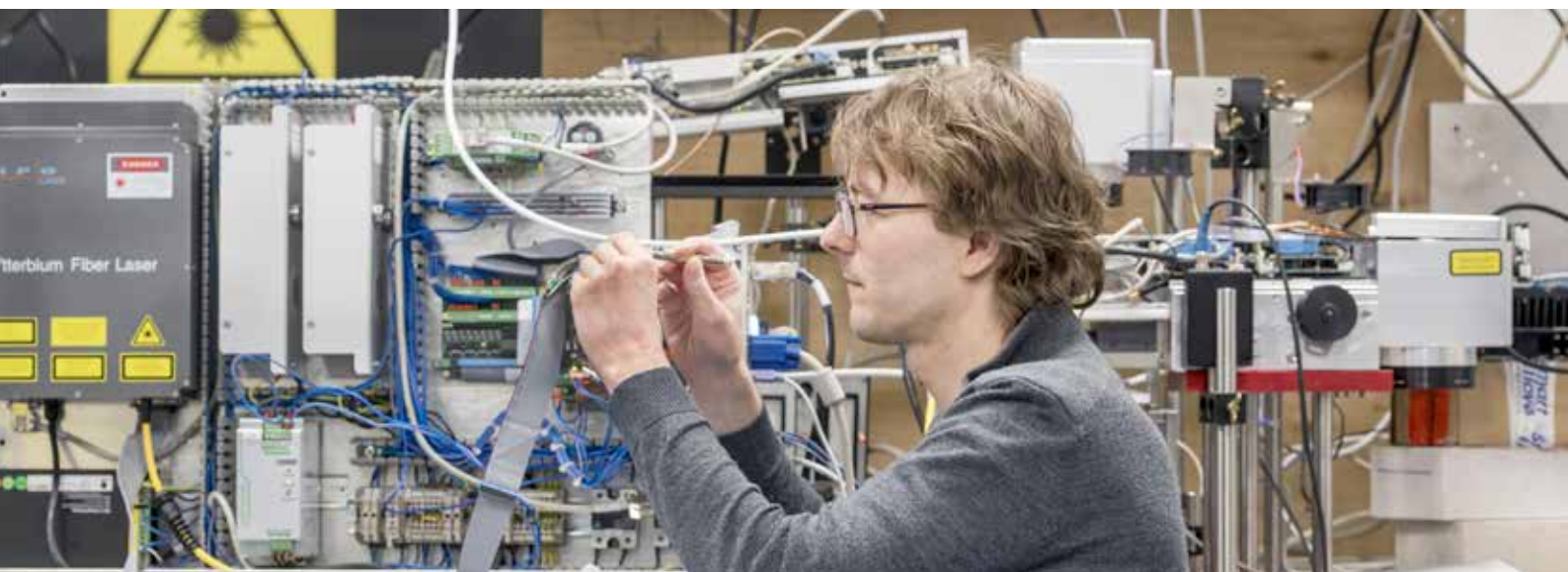
- Supplying directly ourselves if the end client only requires systems.
- Entering into partnership with other parties and offering joint supplies.
- Operating as a subcontractor for a system integrator.

For us, the security printing market is currently by far the most important one. To address the global market developments we have increased our sales

activities outside Europe, mainly in Asia and South America. In 2014 we expanded this further by means of our own local Sales and Service people and this policy will continue in 2015.

We are making increasing use of the opportunities that Brainport, the high-tech region in Eindhoven, offers for outsourcing certain competencies. Flexibility plays an essential role in a market that is strongly project driven. In order to strengthen our innovative character and ability to position a wide range of new technologies on the market, we will continue to enter into a growing number of worldwide partnerships with knowledge institutes and technology partners.

We will continue to invest in new products and technologies. Our aim is to continue supplying the best systems in the market and to offer our clients every opportunity to introduce proprietary applications to the market that distinguish them from their competitors. We offer our service activities throughout the lifecycle of the systems we deliver. We therefore unburden our clients and



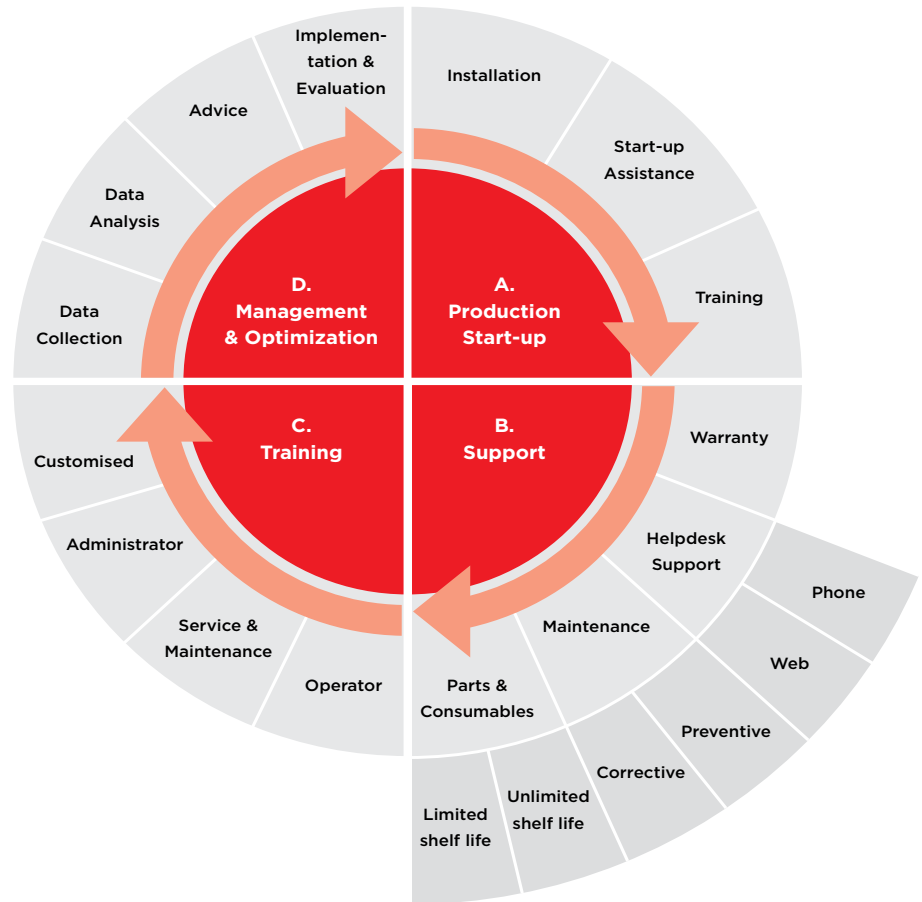
offer them the opportunity to introduce improvements and upgrades. We have put together a comprehensive service portfolio for this purpose.

**Product Roadmap**

We have designed unique production systems to personalise passports and ID cards. These products can be personalised by our machines for both central and decentralised applications. This means that a blank passport can be provided with all the holder’s personal information in our BookMaster One system, and that it is completely ready for issue when it leaves the production system. Our CardMaster One system does the same for ID cards and bank cards.

Often these systems are equipped with a module for applying ImagePerf® or ImagePerf/TLI. Security features patented by IAI are already being used in many countries, including the Netherlands, Belgium, Switzerland, Ireland, Sweden, Ukraine, Portugal, Costa Rica, Poland, Morocco, Bulgaria, Algeria, Uzbekistan, Thailand and Romania.

In 2014, we started the development of a high volume system specifically for ID cards (up to 1,500 cards an hour) which, using our high quality technology, will achieve a price/performance ratio that will perfectly match the middle segment of the market in terms of capacity - a market that we currently do not serve. We will also offer the security features that have been developed in the passport market. This new generation of CardMasters should generate a stronger position for us in the cards market and substantially increase our market share of only 0.5%. We see opportunities here for ID cards, driving licences, residence permits and vehicle registration certificates, but also opportunities in the new market segments such as bank cards and health cards.



The specific entry strategy here is:

- Develop the ID cards market with security features from the passport market.
- Invest in our Product Roadmap by supplying new systems and processes.

For documents such as diplomas, birth certificates, excise certificates, vehicle registration certificates and many other documents which vary in each country and which are therefore hardly standardised, we have developed the SheetMaster Flex and WebMaster Flex. These systems can process such products printed in Sheets or in Web.

These treatments often involve making fine perforations in the form of national symbols and/or unique document numbers. This product portfolio will be receiving special attention in the coming years. To achieve this, an additional Sales Manager has been recruited to sell existing systems as well as to identify market potential and client requirements. For bank notes, we have developed a system that can apply the MicroPerf® security feature currently being used in Swiss, Russian and Romanian bank notes. We developed and delivered a MicroPerf system for China. This order is a preliminary towards potential repeat deliveries in the future.



Every effort is important and contributes significantly to the overall result.

Appreciation is associated with respect and kindness and it manifests itself in affection, interest, attention and friendship.

Appreciation is important for our self-esteem, e.g. simple but heartfelt words of thanks instead of valuable gifts.

Work would be much more fun if we sometimes heard something positive about the way we do it.

It is important to show appreciation. Simple words, such as "Well done," are always nice to hear.

Appreciation means small gestures, such as "Thanks. Good job."

Appreciation cannot be just a bag of tricks for manipulation, but should be an honest point of view.



# APPRECIATION

Appreciation means meeting at the same level.

Appreciation means delegation of duties and showing confidence in the employees and their skills.

I appreciate the simple words, such as "thank you," "please," "good morning" and "bye." Mutual appreciation for every effort is important.

Not everything is taken for granted and one should hear the words "thank you" for the work done.



The possibility of joint decision-making, because you are a member of the team.

Appreciation is a sense of belonging, acceptance and being needed.

Appreciation means praise, willingness to help and motivational support for the employee.

Superiors should also give recognition and praise the efforts of others. The "I'm the boss and you are nothing" attitude is unacceptable.

Demonstration of interest in work and the ability to listen in the case of problems or questions.

Genuine appreciation is worth more than insincere everyday praise.



## CO<sub>2</sub> lasers

Our subsidiary FEHA designs and sells lasers with specific bundle qualities in a variety of markets. We sold directly these lasers to system builders as a laser source, as well as them being used in our MicroPerf® production systems for bank notes. The total laser market shows a modest annual growth and the associated share of CO<sub>2</sub> lasers remains almost constant at approximately 50% of the total laser market. CO<sub>2</sub> lasers are still the 'work horses' among the lasers. If proven suitable for an application, a CO<sub>2</sub> laser will always be chosen rather than a more expensive high-tech solution due to the excellent price/performance ratio of CO<sub>2</sub> lasers.

We are working on application development and business development to explore new business opportunities. In 2014, we put a great deal of effort into upgrading the existing laser. This upgrade was necessary to create a stable base for our new innovation. The upgrade of the existing laser has been introduced in the market and we are receiving a lot of positive feedback from existing clients. We will be positioning these new CO<sub>2</sub> lasers in the market as laser sources. However, the new CO<sub>2</sub> lasers are also creating new applications in existing markets. In these cases, we can choose to use the new laser sources for developing and marketing system solutions.

For Q-Switch we have developed a twofold market approach: "find" and "be found". We take the initiative to approach existing and new clients, collect information and search for market opportunities (find). At the same time, we delivered the first three Q-Switch lasers to laser institutes such as Fraunhofer and universities. They will act as a multiplier in the market. Here we receive feedback on our product and information from studies by the laser institutes and related

partnerships (be found). At the same time, we are very active in publishing, giving presentations and providing demos. We expect the first commercial deliveries in 2015.

We are currently building CO<sub>2</sub> lasers with a high bundle quality which serve niche markets. On the basis of new innovations, protected by patents, existing lasers are being given new features that are unique in the market. The expectation is that this innovation, Q-Switch, could boost our sales volume in the coming years. The Q- specific wavelength of the Q-Switch allows processing of materials which is not possible with other laser technologies. This opens new opportunities in markets where paper, glass, polymers and composite materials are processed. The Q-Switch laser has unique characteristics: high average power, combined with high productivity, high beam quality, leading to high process quality and high flexibility in frequency, pulse shape and pulse energy so that the laser can be optimised for a specific application. In 2015, the Q-Switch design and the development of applications will be completed.

In order to achieve the market potential, in 2014 we initiated a process to professionalise our organization:

- The existing lasers are being completely upgraded.
- The workforce was expanded.
- A new, high-tech location has been in use since the first quarter of 2014.
- The ability to respond and our flexibility will be increased as a result of collaborating with third parties.

## Other markets

Thanks to our unique combination of core competencies, built up in the Security Printing market, we are able to undertake special projects in markets other than those mentioned above. New projects are defined through our own initiatives and research or through our partner network. If, after careful research, it appears that such a project is attractive and feasible for all parties involved, the project will be developed further.







# The share

## The DOCDATA N.V. share

The share has a nominal value of € 0.10 per share.

The DOCDATA N.V. shares have been listed on Euronext Amsterdam since 1997. The DOCDATA N.V. share (DOCD, ISIN Code NL0000345627) has been included in Euronext Amsterdam's SmallCap Index AScX (ISIN Code NL000249142) since 19 March 2012.

In accordance with the Decree of 5 April 2006 implementing article 10 of Directive 2004/25/EC of the European Parliament (coming into force on 31 December 2006) and the Council of the European Union of 21 April 2004 on takeover bids ("Decree implementing article 10 of the takeover directive") we make the following disclosures in relation to the capital structure of DOCDATA N.V.

## Liquidity provider

In order to support the trade in the share and optimise relationships with shareholders, we appointed SNS Securities N.V. of Amsterdam as liquidity provider. SNS Securities N.V. acted as liquidity provider for the DOCDATA N.V. share in 2014. As such, SNS Securities operates in the market as a counterparty for buy or sell orders in which the bid and ask price is set in a range in relation to the most recently traded price. As a result, relatively smaller (retail) buy or sell orders are taken care of by the liquidity provider, which results in more orderly share price movements for the share.

## Investor relations policy

Open and transparent communication with our stakeholders is very important to us and we pursue an active investor relationship policy, which includes meetings with the press, analysts and

investors. We have formulated a policy for bilateral contacts with shareholders, analysts and the press, which, along with press releases and presentations, can be found in the 'Investors' section of the corporate website, [www.docdatanv.com](http://www.docdatanv.com).

## Dividend policy

We aim to provide an above-average long-term total return for our shareholders, supported by our dividend policy, which is based on a pay-out ratio of at least 50%. The liquidity and solvency position required in order to execute the strategy is taken into account in this context. The dividend can also include a dividend entirely in cash or a dividend chargeable to the share premium reserve, payable in shares of the company, as the shareholder chooses.

The profit appropriation and dividend proposal for 2014 can be found on page 136 of the annual report.

At the Annual General Meeting of Shareholders in Waalwijk on Tuesday, 12 May 2015, we will propose that the shareholders resolve that from the profit for the year 2014, a dividend in the amount of € 0.55 per share will be paid out to the holders of shares. Dividend tax will be withheld from the payment unless the shareholder can submit evidence that he can claim the participation exemption. If the General Meeting of Shareholders approves this proposal, a total of approximately € 3.8 million will be paid out as dividend from the 2014 profit on 20 May 2015 on the shares held by parties other than the company. We believe that the company's strong liquidity and solvency position allow the proposed dividend payment of € 0.55 per share.

The proposed dividend of € 0.55 per share (in total approximately € 3.8 million), to be paid from the profit for the year 2014, is 21% lower than the dividend of € 0.70 per

share (in total: € 4.9 million) paid out in May 2014 from the profit for the year 2013.

## Regulations to prevent insider trading

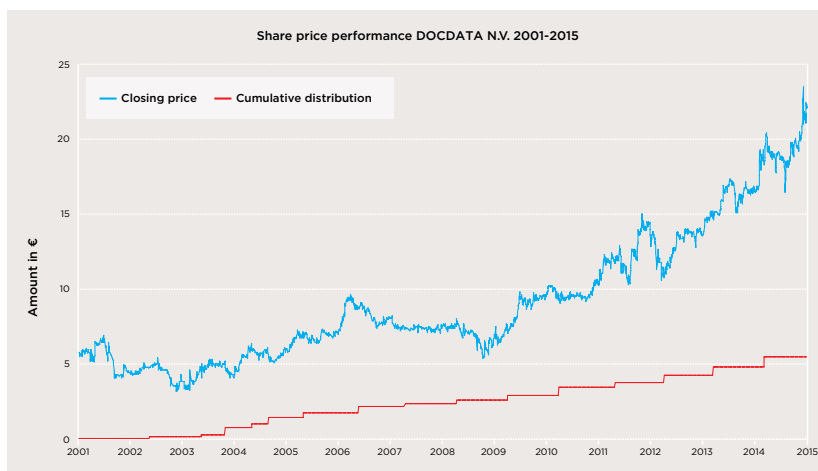
By means of 'Insider Trading Regulations' we comply with the legislation set down in section 5:56 et seq. of the Financial Supervision Act (Wft) and elaborated in further detail in the Market Abuse (Financial Supervision Act) Decree. A large group of employees and advisers have signed these regulations and are therefore bound by them. The Management Board and Supervisory Board have also complied with the disclosure of interests in DOCDATA N.V. pursuant to chapter 5.3 of the Financial Supervision Act (Wft). The Authority for the Financial Markets (AFM) supervises compliance with this.

## Authorised share capital

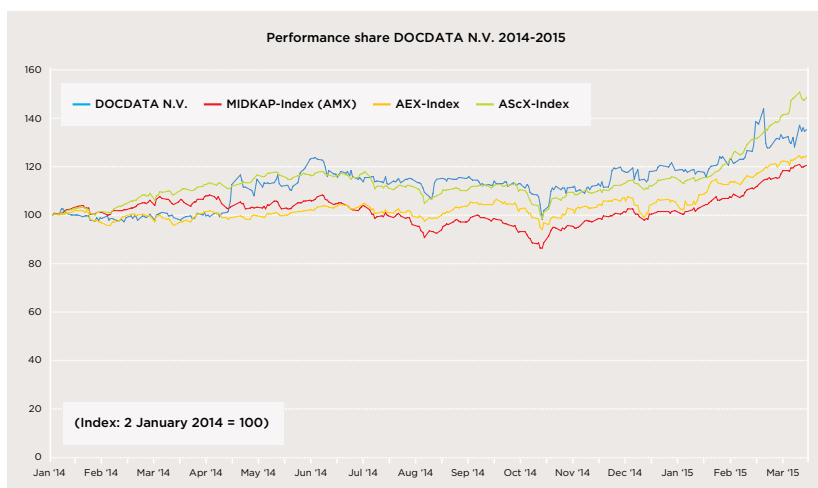
The authorised share capital amounts to € 2,500,000 at 31 December 2014 and comprises 25,000,000 ordinary shares, each with nominal value of € 0.10.

## Issued share capital

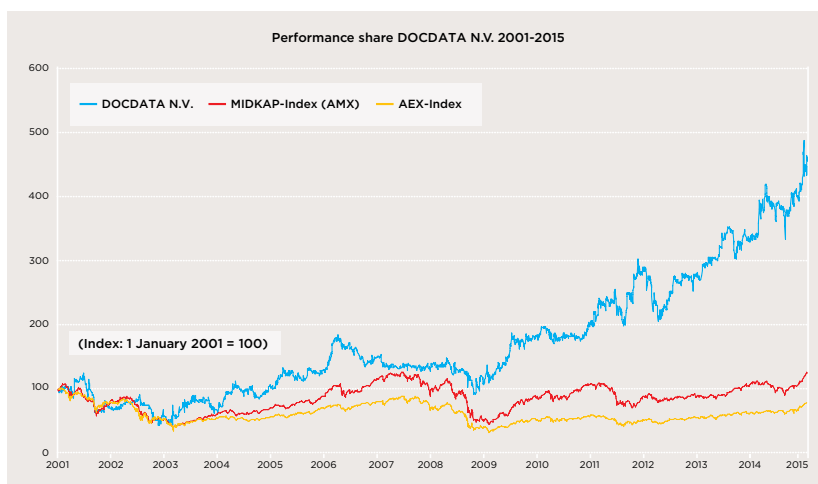
A total of 7,000,000 shares were issued at 31 December 2014. The holders of shares are entitled to receive dividends as declared from time to time and are entitled to cast one vote per share at meetings of the company. All shares are equal in rank in relation to the company's assets. As far as shares that the company holds in its own capital, all rights to these shares are suspended until these shares are disposed of.



- 20 May 2003: distribution of € 0.13 per share from share premium reserve
- 10 November 2003: repaid share capital of € 0.50 per share
- 18 May 2004: distribution of € 0.25 per share from share premium reserve
- 13 September 2004: repaid share capital of € 0.40 per share
- 17 May 2005: distribution of € 0.35 per share from share premium reserve



- 16 June 2006: distribution of € 0.40 per share from share premium reserve
- 14 May 2007: distribution of € 0.20 per share from share premium reserve
- 19 May 2008: distribution of € 0.25 per share from share premium reserve
- 15 May 2009: distribution of € 0.30 per share from share premium reserve
- 14 May 2010: distribution of € 0.55 per share from share premium reserve



- 17 June 2011: distribution of € 0.35 per share from share premium reserve
- 8 June 2012: distribution of € 0.50 per share from share premium reserve
- 24 May 2013: distribution of € 0.55 per share from share premium reserve
- 23 May 2014: distribution of € 0.70 per share from share premium reserve
- 20 May 2015: distribution of € 0.55 per share from share premium reserve (proposal)

### Issue of shares

On 13 May 2014, the General Meeting of Shareholders decided, in accordance with article 4 (1) of the company's articles of association, to appoint the Management Board as the company body authorised to decide, with the Supervisory Board's approval, to issue shares, which includes the granting of rights to subscribe to shares, up to a maximum of 700,000 shares in total (10% of the total of 7,000,000 subscribed shares) for a period of 18 months, therefore until 13 November 2015.

On 13 May 2014, the General Meeting of Shareholders also decided, in accordance with article 5 (3) of the company's articles of association, to authorise the Management Board to, with the Supervisory Board's approval, limit or exclude the pre-emptive right upon the issue of ordinary shares, for a period of 18 months, therefore until 13 November 2015.

### Buyback of own shares

On 13 May 2014, the General Meeting of Shareholders decided to authorise the Management Board for a period of 18 months, therefore until 13 November 2015, to have the company buy back its own shares - in any manner whatsoever - within the limits stipulated by the law and articles of association, whereby the nominal amount of the shares that the company holds in its capital may not exceed 10% of the subscribed capital, for a price no lower than the nominal value of the shares and no higher than 110% of the opening price listed on Euronext Amsterdam for the shares on the day of purchase or, in the absence of such a price, the last closing price for the shares on Euronext Amsterdam for the day of purchase.

The company currently holds 70,000 shares in its own capital (1% of the total of 7,000,000 subscribed shares).

At 31 December 2014 the company held 20,731 of its own shares. Shares that the company holds in its own capital are not included in determining the ordinary profit per share and are also not entitled to dividend.

### Appointment and dismissal of directors and supervisory board members

The General Meeting of Shareholders is the company body authorised to decide on the appointment, suspension and dismissal of each of the members of the Management Board (article 13 (3) of the company's articles of association) and the Supervisory Board (article 16 (4) of the company's articles of association).

### Amendment of the articles of association

Decisions to amend the articles of association and dissolve the company can, in accordance with article 24 (1) of the company's articles of association, only be taken by General Meeting of Shareholders based on a prior proposal to that effect from the Management Board, with the Supervisory Board's advance approval.

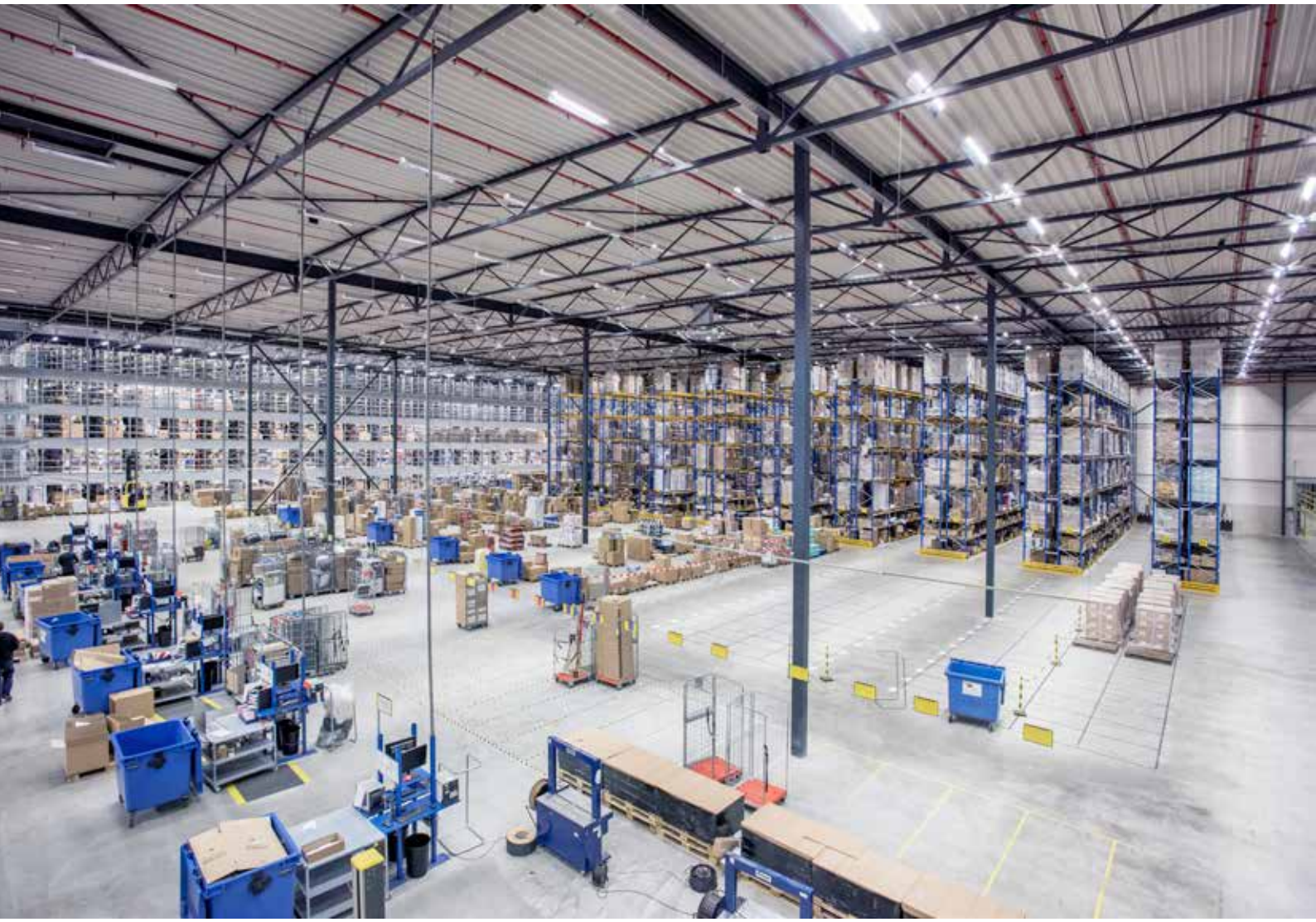
### Topics that do not apply

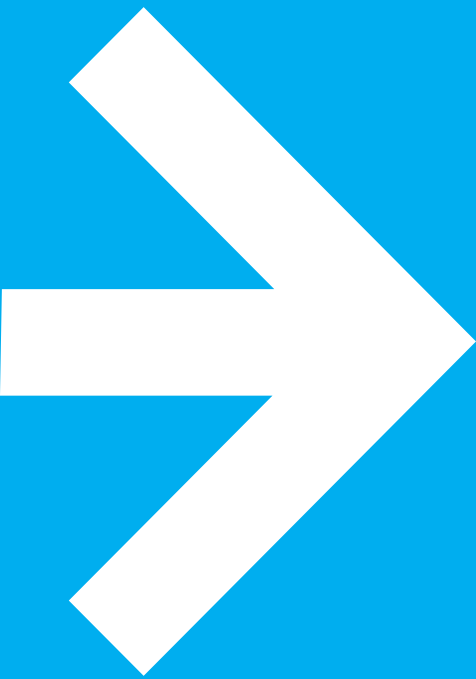
The following topics required by the Decree implementing article 10 of the takeover directive do not apply:

- the company's restrictions on share transfers;
- special control rights attached to shares and the name of the right holder;
- protective measures that may be deployed against takeover of control of the company;
- the mechanism for exercising control over a scheme that grants employees rights to subscribe for or receive

shares in the capital of the company or a subsidiary, if this control is not exercised directly by the employees;

- restriction of the voting right and time periods for exercising the voting right;
- agreements with shareholders, as far as these are known to the company, that could result in restricting the transfer of shares or in restricting the voting right;
- important agreements to which the company is party and which are established, amended or terminated subject to the condition of a change in control over the company after a public bid has been made, as well as the consequences of these agreements;
- agreements the company has made with a director or employee that provide for payment upon termination of employment, resulting purely from a public bid.





# **DOCDATA N.V.**

**FINANCIAL INFORMATION 2014**

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December (before appropriation of profit)

<i>(EUR x 1,000)</i>	2014	2013
<b>Activa</b>		
<b>Non-current assets</b>		
Property, plant and equipment	25,685	22,016
Intangible assets and goodwill	6,999	5,870
Trade and other receivables	-	360
Other investments	11	11
Deferred tax assets	677	796
<b>Total non-current assets</b>	<b>33,372</b>	<b>29,053</b>
<b>Current assets</b>		
Inventories	10,991	7,135
Current income tax receivables	1,345	2,038
Trade and other receivables	31,574	29,118
Cash and cash equivalents	21,849	20,518
Assets held for sale	-	738
<b>Total current assets</b>	<b>65,759</b>	<b>59,547</b>
<b>Total assets</b>	<b>99,131</b>	<b>88,600</b>

As at 31 December (before appropriation of profit)

(EUR x 1,000)

	2014	2013
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	700	700
Share premium	16,854	16,854
Translation reserves	(666)	(523)
Reserve for own shares	80	441
Retained earnings	19,910	16,626
Unappropriated profits	7,305	8,665
	<hr/>	<hr/>
Total equity attributable to equity holders of the parent	44,183	42,763
	<hr/>	<hr/>
<b>Total equity</b>	<b>44,183</b>	<b>42,763</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	794	980
Provisions	328	-
Other non-current liabilities	1,031	418
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>2,153</b>	<b>1,398</b>
<b>Current liabilities</b>		
Current income tax payable	1,973	1,839
Trade and other payables	48,665	40,725
Bank overdraft	1,331	-
Provisions	826	1,875
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b>52,795</b>	<b>44,439</b>
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>54,948</b>	<b>45,837</b>
	<hr/>	<hr/>
<b>Total equity and liabilities</b>	<b>99,131</b>	<b>88,600</b>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December

<i>(EUR x 1,000)</i>	2014	2013
Revenue	168,707	166,921
Cost of sales	(132,999)	(129,908)
<b>Gross profit</b>	<b>35,708</b>	<b>37,013</b>
Other operating income	511	994
Selling expenses	(7,695)	(6,683)
Administrative expenses	(17,243)	(16,632)
Other operating expenses	(1,274)	(3,545)
<b>Operating profit before financing result</b>	<b>10,007</b>	<b>11,147</b>
Finance income	235	114
Finance expenses	(241)	(231)
Net financing expenses	(6)	(117)
<b>Profit before income tax</b>	<b>10,001</b>	<b>11,030</b>
Income tax expenses	(2,696)	(2,365)
<b>Profit for the period</b>	<b>7,305</b>	<b>8,665</b>
Attributable to equity holders of the parent	7,305	8,665
<b>Earnings per share</b> <i>(EUR x 1)</i>		
Basic earnings per share	EUR 1.05	EUR 1.24
Diluted earnings per share	EUR 1.04	EUR 1.23



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

(EUR x 1,000)

2014

2013

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**Item which are or may be reclassified to profit or loss:**

Unrealised exchange rate results	(40)	(40)
Related income taxes	(103)	31
	<hr/>	
Unrealised results, net of income taxes	(143)	(9)
Profit for the period	7,305	8,665
	<hr/>	
<b>Total comprehensive income for the period</b>	<b>7,162</b>	<b>8,656</b>
Attributable to equity holders of the parent	7,162	8,656

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December

(EUR x 1,000)	Attributable to the equity holders of the parent						
	Share capital	Share Premium	Translation reserve	Reserve for own shares <sup>(1)</sup>	Retained earnings	Unappropriated profits	Total equity
Balance at 1 January 2013	700	16,854	(514)	(477)	13,461	7,507	37,531
<i>Total comprehensive income for the year</i>							
Profit for the period	-	-	-	-	-	8,665	8,665
Appropriation of result	-	-	-	-	3,657	(3,657)	-
Unrealised exchange rate results	-	-	(9)	-	-	-	(9)
<i>Transacions with owners of the Company recorded directly in equity</i>							
Dividend distribution	-	-	-	-	-	(3,850)	(3,850)
Exercised share options	-	-	-	425	-	-	425
Delivered shares for remuneration	-	-	-	32	-	-	32
Own shares bought	-	-	-	(245)	-	-	(245)
Costs Performance shares	-	-	-	214	-	-	214
Realised reserve for own shares	-	-	-	492	(492)	-	-
Balance at 31 December 2013	700	16,854	(523)	441	16,626	8,665	42,763
Balance at 1 January 2014	700	16,854	(523)	441	16,626	8,665	42,763
<i>Total comprehensive income for the year</i>							
Profit for the year	-	-	-	-	-	7,305	7,305
Appropriation of result	-	-	-	-	3,814	(3,814)	-
Unrealised exchange rate results	-	-	(143)	-	-	-	(143)
<i>Transacions with owers of the Company recorded directly in equity</i>							
Dividend distribution	-	-	-	-	-	(4,851)	(4,851)
Own shares bought	-	-	-	(1,127)	-	-	(1,127)
Costs Performance shares	-	-	-	236	-	-	236
Realised reserve for own shares	-	-	-	530	(530)	-	-
Balance at 31 December 2014	700	16,854	(666)	80	19,910	7,305	44,183

<sup>(1)</sup> Including cost for share based transactions

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

(EUR x 1,000)	2014	2013
<b>Cash flows from operating activities</b>		
Profit for the year	7,305	8,665
<i>Adjustments for:</i>		
Depreciation	5,146	4,710
Amortisation	1,138	1,368
Impairment losses	999	3,035
Costs share options and performance shares	236	246
Gain on sale of property, plant and equipment	(271)	-
Financial income	(235)	(114)
Financial expenses	241	231
Income tax expenses	2,696	2,365
<b>Cash flows from operating activities before changes in working capital and provisions</b>	<b>17,255</b>	<b>20,506</b>
Increase in trade and other receivables	(2,655)	(3,695)
Increase in inventories	(3,856)	(895)
Increase / (decrease) in trade and other payables	6,970	(3,062)
Increase / (decrease) in provisions and other non-current liabilities	(721)	378
<b>Cash flows from operating activities</b>	<b>16,993</b>	<b>13,232</b>
Interest paid	(241)	(132)
Interest received	183	114
Income taxes paid	(4,530)	(4,233)
Income taxes received	2,518	879
<b>Net cash from operating activities</b>	<b>14,923</b>	<b>9,860</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(10,117)	(6,895)
Acquisition of intangible assets	(1,897)	(1,357)
Proceeds from sale of property, plant and equipment	1,093	34
Proceeds from sale of subsidiaries	281	-
Proceeds from sale of associates and other investments	-	10
Loans provided to associates and other investments	-	(110)
<b>Net cash from investing activities</b>	<b>(10,640)</b>	<b>(8,318)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(4,851)	(3,850)
Own shares bought	(1,127)	(245)
Proceeds from exercise of share options	-	425
<b>Net cash from financing activities</b>	<b>(5,978)</b>	<b>(3,670)</b>
Net decrease in cash and cash equivalents	(1,695)	(2,128)
Cash and cash equivalents at 1 January	6,704	8,801
Proceeds from bank overdraft	1,331	-
Restricted cash and cash equivalents at 31 December	15,355	13,814
Effect of exchange rate fluctuations on cash held	154	31
<b>Cash and cash equivalents at 31 December</b>	<b>21,849</b>	<b>20,518</b>

## PUBLICATIONS IN 2014 AND 2015

[Press release - 6 January 2014](#)

*Technology company IAI industrial systems will supply a banknote perforation system to China*

[Press release - 20 February 2014](#)

*Revenue DOCDATA N.V. grows in 2013 to almost € 167 million with a net profit of € 8.7 million. Both Docdata and IAI realise revenue growth in 2013. Operating profit before financing result, depreciation and amortisation (EBITDA) increases to € 20.3 million in 2013 (2012: € 17.4 million). IAI order book grows to € 10.5 million per end 2013 (2012 € 7.0 million). Impairment UK fulfillment activities recorded of € 3 million. Proposal to distribute dividend of € 0.70 per share out of profit per share of € 1.24 (2012: € 0.55 dividend per share from € 1.09 eps). New strategy determined: "Vision 2020: "Smart Growth"*

[Press release - 10 March 2014](#)

*IAI industrial systems B.V. will supply passport personalisation systems to Algeria*

[Press release - 1 April 2014](#)

*DOCDATA N.V. today publishes online the 2013 Annual Report and the Agenda for the Annual General Meeting of Shareholders to be held on 13 May 2014*

[Press release - 11 April 2014](#)

*DOCDATA confirms strategic partnership with ASOS*

[Press release - 23 April 2014](#)

*Interim notice DOCDATA N.V.: Outcome first quarter 2014 meets expectations & New and existing contracts provide confidence for the longer term*

[Press release - 13 May 2014](#)

*Shareholder meeting DOCDATA N.V. approves all proposed resolutions*

[Press release - 23 May 2014](#)

*IAI industrial systems B.V. will supply a passport personalisation system*

[Press release - 9 June 2014](#)

*Docdata has sold its Payments Response activities in the United Kingdom to DDC Outsourcing Solutions*

[Press release - 17 July 2014](#)

*Revenue of DOCDATA N.V. for the first half-year 2014 in line with previous expectations, with underlying growth by existing and new clients. Margin and cash flow maintained, with preserved strong financial position. Sufficient growth potential for both Docdata and IAI. Revenue almost 7% lower as a result of the announced decrease of services provided to biggest client in Germany. Planned investments and introduction of new services to support growth and profitability. Order book of IAI reaches record level in first half-year, delivery in second half-year*

[Press release - 14 August 2014](#)

*IAI industrial systems B.V. will supply 16 systems to Trüb AG in Switzerland for the personalisation of ID-cards*

[Press release - 15 October 2014](#)

*Interim notice DOCDATA N.V.: results third quarter 2014 slightly lower than last year at comparable revenue level & revenue and operating profit of the Group for the full year 2014 exceed expectations and approach the level of last year*

[Press release - 24 February 2015](#)

*Revenue DOCDATA N.V. stable in 2014 at € 169 million with a net profit of € 7.3 million (4.3%). Strong underlying autonomous growth for both Docdata and IAI. Operating profit before financing result, depreciation and amortisation (EBITDA) amounts to € 17.3 million (2013: € 20.3 million). Deliveries IAI lead to decreased order book of € 6.1 million per end 2014 (2013: € 10.5 million). Proposal to distribute dividend of € 0.55 per share out of profit per share of € 1.05 (2013: € 0.70 dividend per share from € 1.24 eps). Execution new strategy "Vision 2020: "Smart Growth" on track*

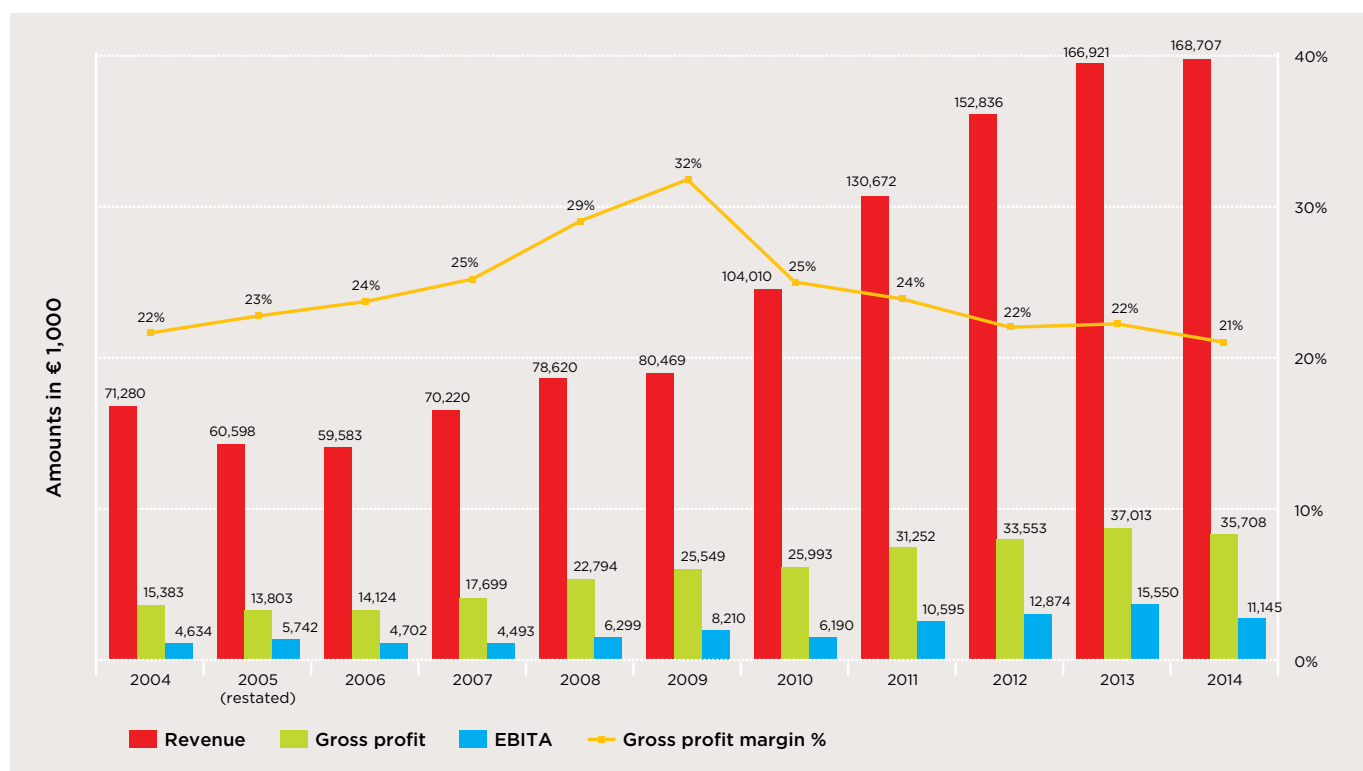
[Press release - 16 March 2015](#)

*Docdata and bol.com extend cooperation agreement for five years*

All publications can be found under "Investors" on our corporate website [www.docdatanv.com](http://www.docdatanv.com). Here you will also find several press and analyst presentations from 2014 and 2015.

## SUMMARY INFORMATION ON THE SHARE

	2014	2013	2012	2011	2010
Number of issued (ordinary) shares on 31 December	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Number of (ordinary) shares held by the Company on 31 December	20,731	-	66,000	106,142	349,982
Number of (ordinary) shares outstanding on 31 December	6,979,269	7,000,000	6,934,000	6,893,858	6,650,018
Total number of share transactions	6,710	6,763	6,156	3,422	1,812
Average price per share	17.74	15.12	12.10	10.63	8.84
Annual share turnover / average number of (ordinary) shares outstanding	18.8%	21.5%	31.4%	30.4%	12.4%
Highest share price	20.38	17.14	14.99	14.50	9.49
Lowest share price	14.96	12.03	9.55	8.77	8.10
Closing price on 31 December	19.80	16.25	13.12	14.50	8.85
Basic earnings per share	1.05	1.24	1.09	1.00	0.58
Dividend per share for the year	0.55	0.70	0.55	0.50	0.35



## KEY FIGURES AND RATIOS

### Consolidated figures for the years ended 31 December

<i>(EUR x 1,000 unless stated otherwise)</i>	2014	2013	2012	2011	2010
<b>General information:</b>					
Average number of employees	1,323	1,198	1,123	965	703
Turnover rate of net operating assets	4.49	5.15	5.55	5.43	4.83
Return on net operating assets (RONA)	26.7%	34.4%	39.8%	37.9%	23.3%
Return on equity (ROE)	16.8%	21.6%	20.9%	22.0%	14.0%
<b>Result from continuing operations:</b>					
Year-on-year revenue development	1.1%	9.2%	17.0%	25.6%	29.3%
Gross profit in % of revenue	21.2%	22.2%	22.0%	23.9%	25.0%
Operating profit before amortisation in % of revenue	6.6%	9.3%	8.4%	8.1%	6.0%
Profit for the period in % of revenue	4.3%	5.2%	5.0%	5.2%	3.7%
<b>Property, plant and equipment / capital usage:</b>					
Capital expenditures	10,106	7,170	10,307	7,845	6,694
Depreciation	6,145	4,710	4,567	3,277	2,453
Capital expenditures / depreciation	1.64	1.52	2.26	2.39	2.73
<b>Liquidity:</b>					
Current ratio	1.25	1.34	1.22	1.46	1.24
Quick ratio	1.04	1.18	1.08	1.28	1.04
<b>Per share information (in EUR):</b>					
Basic earnings per share (EPS)	1.05	1.24	1.09	1.00	0.58
Profit from normal operations	1.05	1.24	1.09	1.00	0.58
Total equity	6.34	6.12	5.43	4.97	4.12
<b>Share price (in EUR):</b>					
Highest	20.38	17.14	14.99	14.50	9.49
Lowest	14.96	12.03	9.55	8.77	8.10
At year-end	19.80	16.25	13.12	14.50	8.85

#### Definitions:

**RONA:** operating profit before financing result from continuing operations in % of the average net operating assets

**ROE:** profit for the period in % of the average shareholders' equity

**Current ratio:** total current assets divided by total current liabilities

**Quick ratio:** total current assets less inventory divided by total current liabilities

## SUMMARY FINANCIAL INFORMATION

### Consolidated figures for the years ended 31 December

EUR x 1,000	2014	2013	2012	2011	2010
<b>Consolidated Income Statement:</b>					
Revenue	168,707	166,921	152,836	130,672	104,010
Cost of Sales	(132,999)	(129,908)	(119,283)	(99,420)	(78,017)
Gross profit	35,708	37,013	33,553	31,252	25,993
Selling and administrative expenses and other operating income and expenses	(25,701)	(25,866)	(22,581)	(22,130)	(20,981)
Operating profit (EBIT)	10,007	11,147	10,972	9,122	5,012
Net financing income / (expenses)	(6)	(117)	6	7	(40)
Share of profits / (losses) of associates	-	-	(9)	71	-
Profit before tax	10,001	11,030	10,969	9,200	4,972
Income tax expense	(2,696)	(2,365)	(3,374)	(2,379)	(1,162)
Profit for the period	7,305	8,665	7,595	6,821	3,810
Attributable to non-controlling interest	-	-	(88)	23	(43)
<b>Continuing operations:</b>					
Operating profit before amortisation (EBITA)	11,145	15,550	12,874	10,595	6,190
Operating profit before depreciation and amortisation (EBITDA)	17,290	20,260	17,441	13,872	8,643
<b>Consolidated Balance Sheet: <sup>(1)</sup></b>					
Working capital	6,770	7,986	841	2,768	819
Net operating assets	39,020	36,059	28,730	26,377	21,768
Net debt	(5,163)	(6,704)	(8,801)	(7,781)	(5,790)
Total debt	1,331	-	-	-	4,190
Total assets	83,649	75,125	71,097	58,292	55,952
Total Equity	44,183	42,763	37,531	34,158	27,558
Solvency	52.8%	56.9%	52.8%	58.0%	49.0%

<sup>(1)</sup> The consolidated balance sheet as at 31 December 2014, 2013 and 2012 has been adjusted for the effect of the consolidation of Stichting foundation docdata payments.

#### Definitions:

**Working capital:** total current assets excluding cash and cash equivalents, less non-interest bearing loans and borrowings

**Net operating assets:** total non-current assets and total current assets excluding cash and cash equivalents, less provisions (except employee benefits) and other non-interest bearing loans and borrowings

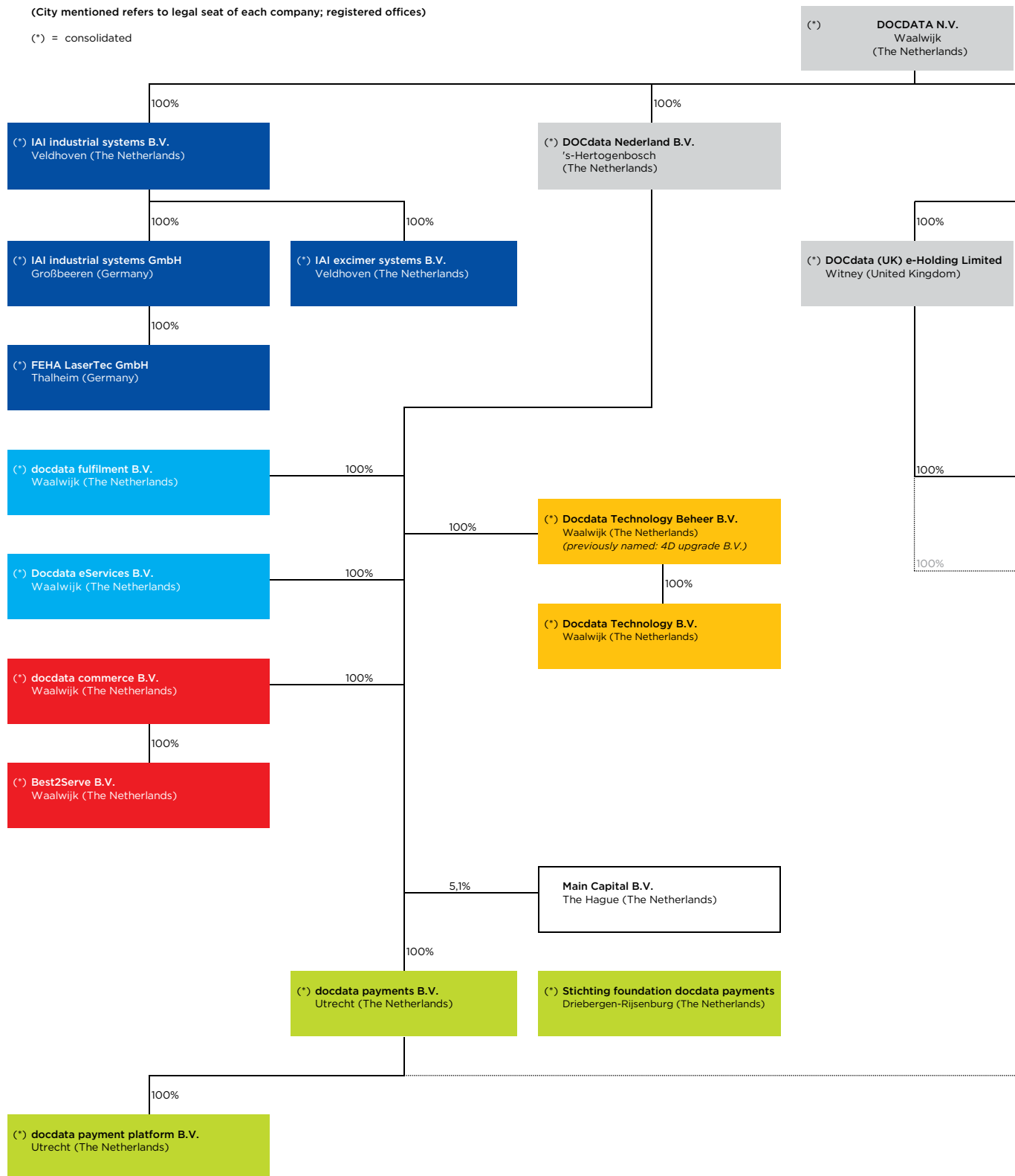
**Net debt:** interest bearing loans and borrowings less cash and cash equivalents

**Solvency:** equity as a percentage of total assets

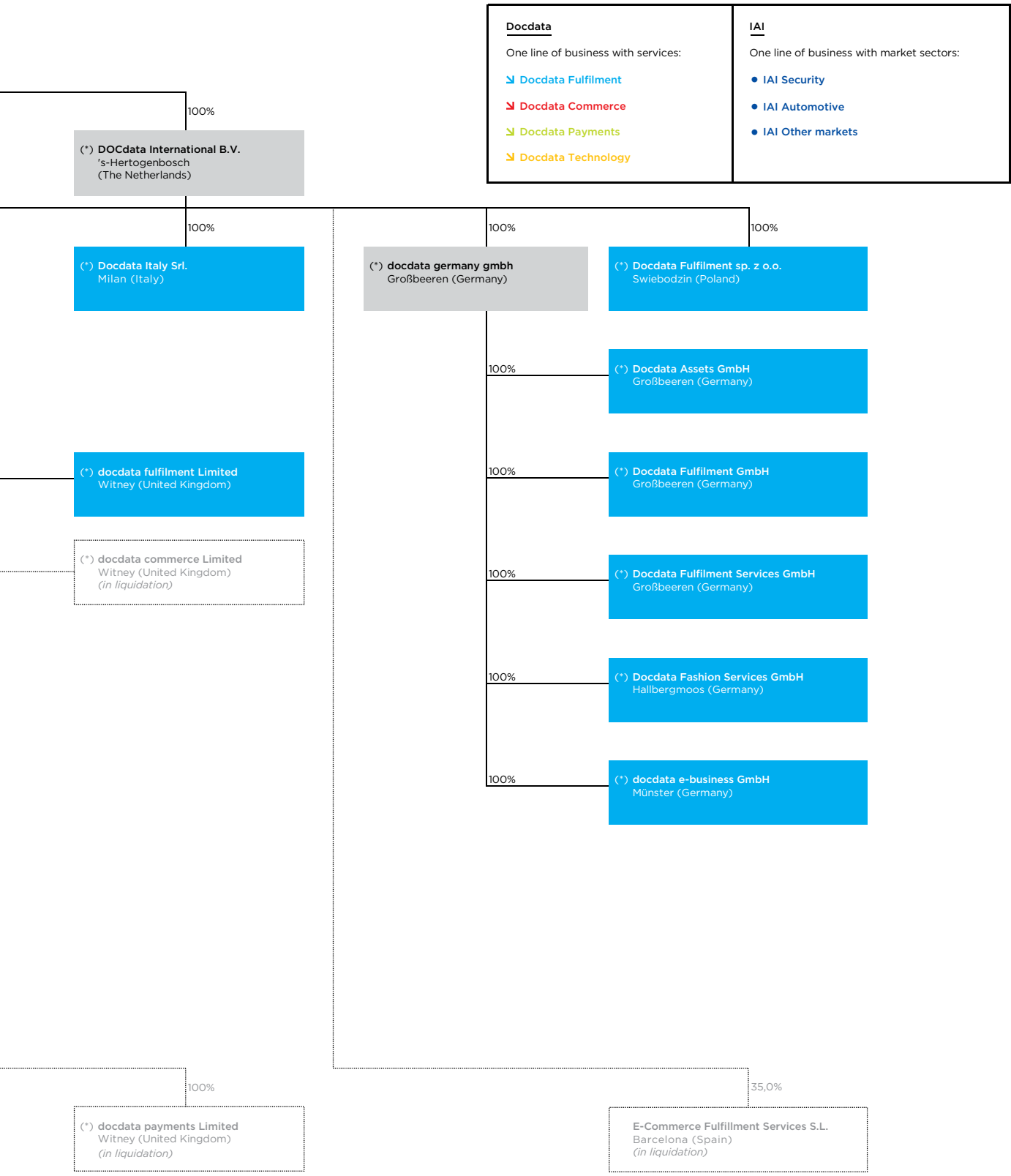
# LEGAL STRUCTURE AS AT 23 MARCH 2015

(City mentioned refers to legal seat of each company; registered offices)

(\*) = consolidated







## IMPORTANT DATES

Publication of 2014 Annual Report (online)	31 March 2015
Record date (voting rights)	14 April 2015
Publication of interim notice first quarter 2015	22 April 2015
Annual General Meeting of Shareholders	12 May 2015
Cum-date	13 May 2015
Ex date	14 May 2015
Record date (dividend rights)	15 May 2015
Dividend payment date	20 May 2015
Publication of 2015 half-year results	16 July 2015
Publication of interim notice third quarter 2015	14 October 2015

On the occasion of the publication of the half-year results and the full-year results of DOCDATA N.V., the company organises a press conference and an analyst meeting, in which the Management Board gives a verbal explanation of the published (half)year results.

# VISIE 2020

# Smart Growth



[www.docdatanv.com](http://www.docdatanv.com)