

Press release

Regulated information - Insider Information (“Voorwetenschap”)

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ANAF presents findings in Fiscal Inspection Report to Connect Group

Connect Group has been awaiting a final answer of the Romanian tax authority (“ANAF”), as mentioned in our press releases and annual reports, since the start of their investigation over 3 years ago. Today, the 20th of March 2019, the ANAF formally presented its findings to Connectronics Romania S.R.L., a subsidiary of Connect Group NV, in a draft Fiscal Inspection Report.

These findings pertain to transactions involving Connectronics Romania S.R.L. during the period between the 1st of July 2010 and the 30th of September 2015 and concludes that a total sum of approximately EUR 8.6 million, and nearly EUR 4.9 million late payment charges, is owed in back taxes. Following their findings and in accordance with Romanian procedures, the ANAF has forwarded the case to the prosecutor’s office.

As it currently stands, the actual impact cannot yet be accurately determined seeing as the final Tax Assessment Decision, following Connect Group’s formal objections to the aforementioned draft report, has yet to be issued. The findings presented in the ANAF’s draft report could still be adjusted in the Tax Assessment Decision, taking into account any formulated objections.

Connect Group wishes to re-affirm its previous statements as mentioned in its annual reports, that the main dispute lies in a very special and strict interpretation by the local VAT authorities of the documentation required for VAT purposes in order to account for intra-Community deliveries of goods from Romania and, following consultation by our local lawyers and tax advisors who have been consulting us in this matter, the Board of Directors remains of the opinion that this interpretation by the ANAF has no merit and will not hold up in a court of law.

Connect Group strongly regrets the position, conclusions and actions of the ANAF as formulated in its draft report and maintains its position that it has acted in accordance with all applicable legislation regarding the aforementioned.

Taking all of this into consideration, a seamless continuation of business is our priority.

For this reason, we have reached out to our banking institutions KBC, BNP Paribas Fortis and ING, in order to seek a constructive solution and to assist us in such a way that the normal continuity of the business is guaranteed.

Connect Group

Connect Group is a leading certified supplier of technology, production systems, printed circuit boards and cable assembly services for the professional industry. Connect Group develops products to User Requirement Specifications from the concept stage onwards with optimal production, price and quality results.

Connect Group's references include companies such as Alstom, Atlas Copco, Esterline, Faiveley, Grammer, Nedap and Transics. Today the company employs approximately 1,900 people across various European sites. The shares of the company are traded on NYSE Euronext Brussels: CONN (www.euronext.com).

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