

ANNUAL REPORT
2019



Foreword

These are uncertain times. As with all companies, Ctac has been confronted with the economic and social consequences of the COVID-19 virus outbreak. The safety of our employees and customers is our first priority, together with safeguarding the continuity of our service provision. We greatly admire our employees' and partners' flexibility, commitment and dedication to successfully overcome this period. We think that working from home will have taken on a new dimension for all of us from now on.

Apart from the current situation, the world around us is changing rapidly. Examples are global trends such as the Internet of Things, the focus on security and privacy, and mobility issues. They all affect our customers and, consequently, on our propositions. No matter which market you look at – Real Estate, Manufacturing, Wholesale, Logistics or Retail – change is the only constant. Therefore, becoming future-proof is the main challenge for many organisations.

Ctac is and will continue to be a business enabler. We do this with commitment, passion and pride. What this means is that we enable our customers to achieve their objectives and increase their effectiveness, to become more agile and competitive, and to create opportunities. Making relevant technologies, platforms and methods available to adequately respond to changes is what it is all about. Making a meaningful contribution to the process of digitisation, for instance by providing housing corporations with a much needed portal for reporting failures. Customers who make that digital journey become better in business.

But technology in itself, no matter how state-of-the-art, is not enough. Companies can only become future-proof if they learn how to use this technology successfully and make it profitable. If they can manage the change process and optimise their business processes. Ctac wants to offer value in this area as well. That is why we not only have specialised consultants, but we also have our own staff who know the impact of technology on the organisation. It is for this very reason that we acquired Purple Square Management Partners B.V., an enthusiastic group of change and programme management specialists who will help us shift towards more business consultancy, so that we can help our clients with what they need to do. That is the step we are taking right now and that calls for a new mission statement: *Enabling your ambition by getting you towards a future-proof business.*

Our investment in understanding and truly comprehending customer organisations has led to the formation of self-organising market teams that determine their own targets and methods.

These market teams are characterised by intensive collaboration between sales, account management, business consultants and business development management: a carefully considered mix of business and subject-matter experts who know the specific markets, are familiar with the best solutions, and can brainstorm with their customers. Ctac wants to inspire by offering the combination of market knowledge, business knowledge and technology knowledge. Here we have defined five priority areas: 1) Business Consultancy, 2) IT modernisation, 3) Digital Intelligence, 4) Programme & Change Management, and 5) Security.

Business Consultancy

We cannot really be of service to our customers unless we know what they want and what is possible given the state of the art. This means that market knowledge is essential, as is customer experience: how does the customer experience the process? We have smart tools for that. Customer experience is one of the aspects that we, in our capacity as business enabler, are going to focus on. IP and platforms are also becoming increasingly important. We have noticed that interest in our own products has been increasing. One of those is Fit4Woco which has also been made available for use in the commercial real estate world as: Fit4RealEstate. We have on-boarded our first two customers for this. We are going to roll out our XV Retail platform internationally through a German partner.

IT modernisation

As organisations are increasingly outsourcing their maintenance and support, and application management and functional management are becoming ever more important to customers. Some applications can be run in a public cloud, but other applications – especially those that are mission critical – are often accommodated in a private cloud. This adds to the challenge of making systems talk to each other. However, the tools provided by Dell Boomi give us full confidence that we are up to this challenge. In our increasingly complex world where everything talks to everything, enterprise architecture has become something that companies need to consider in advance. Which functionality or data are you going to part with

and which will you keep? How are you going to manage everything? Making a plan in advance is a wise thing to do because if you let your landscape expand from the bottom up, you will get problems with your integration – and that will cost a lot of money. This is why enterprise architecture is an area that we strongly focus on. Early on in the process.

Digital Intelligence

In the Netherlands, you can buy from any retailer via any channel since your details are uniformly known. For example, Bol.com can suggest products that suit you. Nowadays, companies have a sea of data, but the question is: how can this be put to good use? It is crucial to know what the customer wants, so that you know which data you need from the customer. You should preferably know exactly those specific things that will enable you to provide a perfect service to your customer, or to even surprise them. In this way, you will create the personal experience that your customer is looking for. Predictive analysis plays a dominant role in this. Since we are a member of the international community of SAP partners, we have access to the SAP Leonardo Experience Center in Walldorf, i.e. the epicentre for AI, machine learning and IoT. We think it is important to be connected to this, as developments are taking place at lightning speed.

Security

If there is one thing that is important when providing cloud services, it is security. Major software suppliers are concerned with this on a daily basis, and so is Ctac. Cyber security, as well as workplace security, such as laptops that self-lock whenever their users have been absent for a short time. We do a lot of workplace management for customers. We are also very active in privacy – which can be a complex subject, especially in hybrid cloud environments because we share our customers' opinion that you cannot afford any flaws in this area.

Programme & Change Management

As developments and changes are taking place at an incredibly high pace, there is a lot that organisations will have to deal with in the future. Ctac can manage this complexity of data and systems excellently and is also an expert in restructuring and improving business processes at a high level in the organisation. Furthermore, the acquisition of Purple Square has enabled us to second interim managers who can supervise entire transformation programmes.

The introduction of apps on phones has made, and continues to make, IT easier and friendlier to use. But if things go wrong, users have no idea how things work. This is because, the technical aspects – the inner workings – have become increasingly complex. And this has set greater demands on matters such as integration, security, privacy, and functional and technical management – matters which must be arranged in conjunction with each other. Our role as directors in the digitisation process has thus become much more prominent. We increasingly see ourselves as a tour guide, guiding customers on their digital journey. We offer them different options and explain the consequences. As such, we are partners of our customers first, and our partnership with SAP comes second. Our main priority is to help our customers become flexible and competitive. As is appropriate for a business enabler.

We extensively discussed the strategic starting points in 2019 and this has led to us reassessing our strategy. The main results of this are that Ctac wants to grow as a business enabler, and thus to grow to a revenue of 100-150 million euros over the next 3 years. If this is not autonomous growth, it will be by acquisitions – provided that they match our DNA. As a one-stop shop, we have a lot to offer our customers to assist them in all areas. This has resulted in a broad presence at customers and: compelling projects. And this in turn triggers 'transfer-free' IT specialists to spontaneously contact Ctac, drawn by the entrepreneurial spirit within our organisation.

If it is up to us, this entrepreneurial spirit will long remain our trademark!

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Ctac in figures

| Key figures | 2019 | 2018* | 2018 |
|-------------------------------------------------------------|------------|------------|------------|
| Results (EUR x 1 million) | | | |
| Revenue | 81.8 | 83.0 | 83.0 |
| Operating result | 2.1 | 2.4 | 2.4 |
| Result from ordinary activities before tax | 1.8 | 2.3 | 2.3 |
| Net result | 1.3 | 1.7 | 1.7 |
| Net cash flow | 1.7 | 1.9 | 1.9 |
| Employees (FTE) | | | |
| As at 31 December | 371 | 398 | 398 |
| Average over the year | 379 | 418 | 418 |
| Revenue per employee (per FTE x EUR 1,000) | 216 | 198 | 198 |
| Revenue per chargeable employee (per FTE x EUR 1,000) | 267 | 243 | 243 |
| Selection of balance sheet figures (EUR x 1 million) | | | |
| Shareholders' equity (net value) | 19.5 | 18.9 | 19.1 |
| Cash and cash equivalents | 1.9 | 0.4 | 0.4 |
| Amounts owed to banks | 0.4 | 0.7 | 0.7 |
| Total assets | 45.4 | 48.5 | 40.4 |
| Ratios | | | |
| Operating result/revenue | 2.5% | 2.9% | 2.9% |
| Net result/revenue | 1.5% | 2.1% | 2.1% |
| Net result/average shareholders' equity | 6.6% | 9.3% | 9.3% |
| Shareholders' equity/total assets | 42.9% | 38.9% | 47.3% |
| Data per share of EUR 0.24 nominal value | | | |
| Number of weighted average outstanding ordinary shares | 12,879,601 | 12,756,604 | 12,756,604 |
| Net result (before share of minority shareholders) | 0.10 | 0.13 | 0.13 |
| Net cash flow | 0.14 | 0.15 | 0.15 |
| Shareholders' equity (net value) | 1.51 | 1.48 | 1.50 |
| Proposed dividend | 0.08 | 0.08 | 0.08 |

*) On the 31-12-2018 balance sheet after the first-time application of IFRS 16

Profile

In its capacity as business enabler, Ctac helps you to make your organisation future-proof. We do so proudly, passionately and based on our knowledge. As a business integrator and a cloud integrator, we enable you to respond effectively and intuitively to changes in your market. By unburdening you when it comes to using the right knowledge and technology, we increase your agility, competitiveness and results. We have been doing this since 1992 on the basis of sound technological knowledge combined with an in-depth knowledge of sectors and business processes. Ctac operates from the Netherlands, Belgium and France.

We describe our objective as "Offering customised, innovative, and future-proof products and services at the interface of business and ICT in order to enable our clients to realise their ambitions". This objective has been incorporated into our mission statement, *Enabling your ambition by getting you towards a future-proof business*, as well as in our tagline: *Enabling Your Ambition*.

Enabling Your Ambition

The starting point is to deliver suitable and reliable ICT solutions that result in improvements and profitability for our client. Those solutions support organisations as they strive for sustainability, continuity and profitability, but also in their efforts aimed at – international – growth, flexibility, strength, lower costs, more efficient operations, and better products, services and/or greater market share. In short: more competitive advantage in several areas.

Business enabler

Organisations generally demand solutions that they can benefit from directly, with short implementation times and at controllable costs. They form a basis for the agility that every organisation should strive for nowadays. Ctac provides an effective answer for this with its Composed Solutions: unique and powerful industry solutions that achieve optimal coordination between employees, technology and business processes, and which can be easily combined into a broad, modular solution. This can be an end-to-end solution, such as our Fit4Woco platform for the housing corporation sector, and our Fit4RealEstate platform for the commercial real estate sector. Ctac also provides the XV Retail platform for point-of-sale functionality and solutions for such aspects as Customer Experience and Data & Analytics.

A number of Value Propositions are realised in cooperation with our business partners. Here, Ctac works to a policy based on entering into strategic partnerships with professional parties whose product

and service portfolios are a meaningful addition to Ctac's broad portfolio. Besides SAP and Microsoft, we work together with leading players such as Dell Boomi, Mendix, Winshuttle and inRiver.

Markets

The Ctac organisation focusses on strategic markets in which it excels in terms of business knowledge for clients and their essential business processes. The solutions we contribute are specific to the relevant segment and are supported on a project or secondment basis. Drawing from a broad pool of business knowledge, experience and their network, Ctac's specialists speak the client's language. Time and time again, they are the first to signal market changes and to transform them into innovative ICT solutions.

Ctac operates in the following markets.

• Retail

In Retail, companies do not want to have to think too much about the basics; ICT should happen automatically. A streamlined and flexible system tailored to the sector offers the best conditions for growth. We use solutions that are geared to retail processes, developed after years of experience in this sector. Solutions that provide companies with insight, analyses and efficiency for their 'clicks', as well as their 'bricks'.

As ever, the retail market is very much in motion. Ctac's clients are going along with the digital transformation. Physical shops are increasingly integrated with online shops and an ever more intensive customer experience is trending. In its capacity as a business enabler, Ctac can also be of help in this respect. Ctac has intensified its Customer Experience activities since early 2016 and the SAP C/4HANA and SAP Qualtrix proposition has been added to the portfolio. Priority areas in this market segment for 2020 are: Data & Analytics and Customer Experience.

• **Wholesale**

Innovative wholesale companies no longer focus on delivering pallets full of products. Wholesalers sending boxes that contain only one product has also become quite common. And those packages have to arrive at end customers as soon as possible. Wholesalers have to deliver more orders, and orders have to be delivered faster. These requirements determine how wholesale companies organise their operations. They increasingly have to act as chain directors. Finding, binding and surprising customers is key. That sounds simple. But it has a major impact on all aspects of the organisation, from logistics and customer engagement to service, finance and aftersales.

• **Manufacturing**

The ideal factory is built on a solid foundation – one that we help companies to create. This foundation gives maximum insight into schedules, purchase orders, actual costing, delivery reliability and stocks. Everything needed to monitor margins, create optimal returns and become resilient through agility.

• **Real Estate**

Tailored to the real estate market, we offer a progressive real estate solution for housing associations and commercial real estate organisations: Ctac Fit4Woco and Ctac Fit4RealEstate. Ctac makes end-to-end business applications available fully in the cloud through Fit4Woco and Fit4RealEstate. This enables our clients to start using the business applications (apps) they actually need. This allows them to start small-scale and then scale up the number of users and the functionality if and as necessary. Fit4Woco and Fit4RealEstate are complete platforms that bring customer experience, enterprise resource planning, as well as supply chain management, together in one cloud platform.

• **Cross Market**

Our portfolio includes more services than only those that relate to retail, wholesale, manufacturing or real estate. Ctac thus offers a broad cloud portfolio to clients in various markets. Ctac's clients include government authorities, universities of applied sciences and regular universities, and professional service organisations, to name just a few.

Strategic priority areas

Ctac's service provision focuses on five priority areas: Business Consultancy, IT modernisation, Digital Intelligence, Programme & Change Management, and Security.

"CTAC TAKES CARE OF EVERYTHING THROUGH THE THOUGHTFUL BUILDING AND SUSTAINABLE MAINTAINANCE OF THE SOLUTION."

1. Business Consultancy

Ctac's business consultancy offering focuses on the implementation of an organisation's strategy. The implementation concerns the aspects people, processes and systems.

Ctac's business consultants contribute their in-depth product expertise to optimise core processes and solve specific customer issues. They develop innovative solutions that are sector-independent and can therefore be implemented in any market. And so that they can achieve this time and again, our business consultants combine solid technical knowledge with broad experience. Disciplines in which we excel include data & analytics, financial management, supply chain management, customer experience, business integration, security, integration, enterprise architecture change management, infrastructure services and management.

We also offer consultants on a temporary basis to organisations that are looking for additional knowledge or capacity. We have more than seven hundred experienced professionals at our disposal who are either on our payroll or are members of our sizeable freelance network of high-quality ICT specialists, project and program managers in the Netherlands and Belgium. And through our international United VARs network, we have more than ten thousand SAP consultants in 93 countries. This adds value for our international clients.

2. IT modernisation

Business platforms are an important building block for modernising our clients' IT. The ease with which organisations can work with a platform determines its strength. The platform gives the organisation access to a wide range of information and technology, linked to people. The building blocks used to build platforms are largely standardised. That makes it easy to quickly adjust a platform and implement new technology, something which will benefit user experience. Organisations are also increasingly using business platforms internally in order to streamline processes. Organisations can use the technology, set up their processes around it, and add their own functionality. Here, Ctac ensures the secure integration of platform management among the different vendors of the platforms and guarantees the availability of knowledge about the platforms. We also ensure that the platforms are sufficiently agile to move along with our clients' organisations and the ecosystems in which they operate. We do this as follows.

We look how we can rationalise and simplify our clients' IT landscapes and optimally focus on robustness, flexibility and being future-proof. We thus ensure that the plethora of old systems and applications is optimised or replaced by using platforms and systems.

We increase the IT environment's agility and productivity by means of business platforms through which we develop low-code applications, make use of smart technologies, such as RPA (Robotic Process Automation), and facilitate integration with APIs. We accelerate and build customer-specific solutions that enable our clients to distinguish themselves in their markets.

This strategy enables us to bridge the gap between the existing IT environment and new technologies; think of cloud, the connection with Internet of Things environments, and the use of Artificial Intelligence. We unburden our clients throughout the entire lifecycle: from construction through implementation to further development, replacement and management.

3. Digital Intelligence

Data is the key to success in the digital transition. It is the driving force behind innovation and it decisive for distinctiveness. Organisations that do not make clever use of the power of data have a high risk of losing clients, being caught up by competitors, or being replaced by new entrants to the market that offer easy-access digital solutions.

An intelligent and data-driven organisation is able to actively multiply knowledge from the organisation with knowledge from data. An organisation which makes clever use of this data-enriched knowledge in all layers of the company and in all business processes is agile and can excel in an increasingly digitising world. If they can use the right agile technology for this, it will enable such organisations to perform better and remain relevant.

4. Programme & Change Management

Our programme management consultancy services enable projects, programmes and/or portfolios to be managed properly from different perspectives (scope, budget, risk, resource, content and deployment). We offer our change management services to ensure that the human side is given proper attention in every project or transformation, so that the impact on any employees involved is known and controlled to ensure a smooth transition to the new world.

5. Security

Our Security value proposition offers maximum security and resilience of our clients' IT infrastructures in the face of any attacks. We thus prevent any attackers from penetrating and, if an attack actually takes place, our clients know how to react, so as to minimise any damage and ensure that the systems are up and running again quickly. Ctac uses an integral approach to this, in which we take technology, organisational issues and human aspects into account.

Innovation Partner

Changing business processes, systems and people is a requirement in order to be able to make ambitions come true. Since this change is often driven by technological innovation, it is high on our clients' agendas. This is especially true for sustainable solutions with added value because organisations invest in technology with a view to long-term profitability. Ctac proactively seeks out new possibilities for making the IT environment of organisations future-proof and keeping it future-proof. Trends such as machine learning, augmented reality and Internet of Things (IoT) are used to deliver added value for clients. In doing this, we anticipate the latest questions from customers: how do you deal with data and its security? How can you use apps to work more efficiently? What advantages are there to working in the cloud? How do you decide which cloud(s) you are going to use? What is the added value of SAP S/4HANA and how and when is the best moment for me to get on board? These are good questions that have far-reaching consequences if they are answered incorrectly. Through different sessions, we, together with our business consultants and enterprise architects, help to find – and if relevant implement – appropriate solutions for this. We also supervise and assure the change within the client's organisation. In 2019, we broadened our Programme & Change Management portfolio through the acquisition of Purple Square.

Over the past 28 years, our professionals have built up an extensive and in-depth expertise in business processes within various markets. That knowledge forms the basis for our wide range of innovative solutions for virtually all core processes within companies. Each and every one of these solutions is a relevant solution that has been developed in close cooperation with the market and is therefore optimally tailored to the ambitions of the client. Due to this process of co-innovation, companies can bring their information processing to the desired level more quickly and immediately operate more efficiently.

Ctac also actively contributes to innovation programmes at our technology partners and our clients, as witnessed by our role as the driving force behind the Center of Excellence for Innovation within the worldwide United VARs network.

Portfolio

Scale is crucial to facilitating our clients' ambitions. We are therefore also able to conceive, build and maintain almost any ICT solution required. With this combination of *conceive, build & keep-it-running*, we provide total convenience for the client.

In addition to industry-specific propositions, we provide a broad range of generic solutions. We built an excellent position in business integration – the integration of the different private/public clouds – in a short time. This helps us safeguard flexibility for our clients so that data and information in and about all systems/clouds is available to them quickly and effortlessly, and in the secure and easily adjustable manner required by the business. Ctac completes its broad product range with a series of high-quality services that enable clients to make the most of their ICT investments. They range from business consultancy, programme & change management and software development to cloud services, including solution adoption and secondment.

Ctac specialises in the Microsoft365, Office365 and Azure services based Microsoft portfolio.

Our Microsoft SharePoint and Teams-based iConnect product offers clients a completely new communication and information platform for their organisation and employees. This includes several modern modes of communication and functionality, e.g. a user-friendly interface to directly access requested or personal information and carry out workflow-specific activities. The information displayed is based on personas – this minimises the search time needed, allowing users to maximally focus on their core activities.

Ctac guarantees an optimal service level, regardless of whether this concerns the implementation of business software or the management of systems. This can also mean that we act as the ICT director for our clients, a role that we are pleased to assume. If necessary, together with critically selected third parties, to successfully implement and maintain the total solution together. Using the different clouds also implies invoicing from several different sides. Ctac has bundled this, making it more transparent and easier for its clients.

Selecting the right licence model for an organisation is a challenge. After it has been procured, both the client and the licence model are subject to changes. Ctac both has and provides specialist Software Asset Management (SAM), and Microsoft and SAP knowledge. We thus sustainably support our clients to help them find the right model for their organisation, keeping the cost of licences and maintenance as low as possible.

In line with our strategy of being a business enabler, Ctac's portfolio of products and services was expanded and deepened further in 2019 with Field Service Management, Predictive Analytics and Machine Learning activities. These expansions seamlessly integrate with the markets we are active in. The Retail, Wholesale and Manufacturing markets particularly show a transition from process- & product-driven to customer-driven business, where predictive analysis can be of particular help to support business processes. Through its current Customer Experience portfolio, Ctac provides its clients with all the means necessary for a personal approach. With our full SAP C/4HANA Suite, consisting of Commerce, Digital Marketing, CRM & Field Service solutions, complemented by our own XV Retail Point-of-Sale & Loyalty solution and inRiver's Product Information Management (PIM) solution, we are ready to transform our clients' organisations into future-proof organisations.

The following themes from Ctac's portfolio are among our specialisms:

• **Data & Analytics**

For us, data & analytics are more than simply making raw data accessible, and analysing and understanding this data. Its essence is about translating it into useful information that can result in action and produce an operational, tactical or strategic result by applying knowledge. Preferably offered to the person in question directly, instead of them having to ask for these reports. Effective, of a high quality and therefore efficient. Ctac therefore ensures that your investments in data & analytics also lead to a real competitive advantage: the rationalised management of processes and better risk control. The use of SAP Analytics Cloud is a good example of this.

• **Cloud**

The ability to adapt to a changing market and portfolio with agility is the most important pro-cloud argument for companies. Ctac anticipates this need with a total package of state-of-the-art cloud services that are available 24/7. No investments in infrastructure or licenses, and always the latest software updates and guaranteed availability. Once again, this enables customers to focus on their core business in the secure knowledge that their applications are in safe hands.

• **Business Productivity (Microsoft Suite)**

People determine the success of an organisation. Optimised collaboration among employees, partners and clients is essential to consolidate and enhance this success. For example, the creation of virtual offices in which various people, teams and companies can work together on the same objects - independent of time, location or device. Information becomes easier to find, is offered to the user in a better way, and is shared more effectively. This increases productivity and the organisation's strength.

• **Office Automation**

Business operations are increasingly shifting to online and cloud. Ctac's managed workplace ensures users of the maximum availability of their office/workstation. Via our online workplace services, we create secure access to the digital business environment from any device, anywhere in the world. The benefits: the ability to work at any time and everywhere with the latest software at predictable costs.

• **Customer Experience**

Together with its clients, Ctac studies how customer experience can bring success for an organisation, based on the principle that an optimum end customer experience always leads to profit in the form of increased revenue, a larger range of clients, or a better relationship with the market – we make this possible. Our CX team specialises in a broad range of solutions that seamlessly fit into any type of enterprise and any strategic objective. And always with the right system for the right company. Ctac has defined this as a prime focus and has taken steps to further intensify this activity. One such step was entering into a number of partnerships, including with SAP C/4HANA, S/4HANA and inRiver.

• **Application Lifecycle Management**

Demand from organisations for having their ICT landscape worries taken out of their hands is increasing. Ctac caters to this need by offering application management for SAP, Microsoft and office automation. These services provide a suitable answer to all your issues regarding continuity, performance, capacity and optimisation. In this way, we establish the foundation for a professional service, supplemented by a service desk and a 24/7 self-service portal.

• **Business Applications**

Markets are increasingly competitive and dynamic, as a result of which processes change regularly. Business software cannot afford to lag behind in this process of adaptation. Whether such adaptation involves changes to SAP or Microsoft software, or entirely new applications – Ctac makes it all possible. Ctac supplies business applications that can be immediately implemented and with seamless integration into any environment whatsoever, thus making the desired progress as painless as possible.

• **Solution Adoption and Change Management**

Every functional and technical ICT implementation and optimisation strengthens an organisation. But if your employees do not make maximum use of the systems, you will be missing out on opportunities. Ctac Learning keeps the skills of all users up to speed. We deliver customised training in several ways. We use Performance Support to safeguard knowledge and make it accessible at the right time. Furthermore, our solutions are efficient and affordable, and always have results as their top priority. Ctac is also an excellent partner for the change component. Together with our colleagues at Purple Square, we not only provide subject-matter expertise, but we also make sure that the stakeholders in your organisation will respond well to the change. The change component should not be underestimated, since, in the end, the actual result is achieved by the colleagues in the workplace.

• **Master Data Management**

Today's staggering growth of data has brought about a cry from the market to increase the efficient use of all this data. The objective is to transform data into information, since decisions are not taken on the basis of data but on the basis of information. The lack of sound and strategic information management can result in untenable situations and sky-high (production) costs for organisations. At Ctac, we know that with the right Enterprise Information Management processes the benefits are substantial. Based on in-depth service and ICT knowledge, as well as years of experience, we help client after client to derive greater returns from their complex information environments.

• **App development**

Smartphone, laptop, tablet – more and more people are mobile and also use these devices for their work. That causes companies to be faced with challenges such as how to secure their business data and how to manage their mix of different devices. And also to identify the appropriate processes to develop apps. Ctac offers an answer to all this with an extensive portfolio of end-to-end mobility solutions that focus on the user. In other words, to help you boost your business through mobility.

• **Management**

After an intensive implementation process, organisations want their SAP/Microsoft systems and office automation – implemented and/or integrated by Ctac – to provide optimal performance and they want this to be sustained in the future. As SAP's biggest Platinum management partner, and also as a Microsoft Gold Partner, Ctac has the right tools and know-how in house to provide you with a suitable answer to all emerging issues concerning required new functionality, continuity, performance, capacity and optimisations. Well over 450 expert, functional consultants and ICT specialists stand by, ready to make this come true time and time again. It is precisely the integrated approach to technical and functional management that ensures a smooth and cost-effective approach.

• **XV Retail Suite**

Since 2007, our XV Retail Suite – an authentic Ctac product – has provided important added value to the processes of our retail & wholesale clients. This product is fully integrated with SAP. Both the primary payment processes and the secondary processes that ensure a closed flow of money and goods on the shop floor can be supported by XV Retail. In times where there is increasing pressure on physical shops, Ctac is innovating and is investing in its solution and transforming it from just the in-store channel to a set of services that provide price & promotions calculation, shopping basketed functionality, new forms of ordering and paying, and loyalty, on any channel. Here, we support several clients, some of whom have a presence in many European countries. The package includes various country-specific requirements (e.g. currency) and statutory requirements (e.g. tax). In 2018, the suite was completely rebuilt and upgraded to the latest technology to be even more scalable and handle large workloads. This new XV5 version has already proven its quality, capacity, performance and reliability.

The Ctac share

Financial schedule 2020/2021

| | |
|-----------------|---------------------------------------------------------------|
| 06 March 2020 | publication of 2019 financial figures |
| 01 April 2020 | publication of 2019 annual report |
| 30 April 2020 | publication of quarterly report for the first quarter of 2020 |
| 10 June 2020 | General Meeting of Shareholders |
| 06 August 2020 | publication of half-year figures for 2020 |
| 29 October 2020 | publication of quarterly report for the third quarter of 2020 |
| 05 March 2021 | publication of financial figures for 2020 |
| 12 May 2021 | General Meeting of Shareholders |

Paid-up and called-up capital

The authorised share capital amounts to EUR 7,200,000 and is divided into 30,000,000 shares of EUR 0.24 as follows: 14,999,999 ordinary shares, 15,000,000 preference shares and 1 priority share. The issued share capital consists of 12,931,401 ordinary shares and 1 priority share.

Development of share capital

The number of outstanding ordinary shares on 31 December 2019 was 12,931,401.

Dividend policy

In principle, Ctac's dividend policy aims to pay out 30 to 40 percent of the net profit, with the shareholders being offered an optional dividend in cash or shares. Ctac may depart from this policy in connection with the financing of future growth.

Key figures for ordinary shares

| |
|--------------------------------------------------------------------|
| Weighted number of average outstanding ordinary shares: 12,879,601 |
| Highest closing price 2019 (EUR): 3.13 |
| Lowest closing price 2019 (EUR): 1.71 |
| Closing price year-end 2019 (EUR): 2.09 |
| Net result per share (EUR): 0.10 |
| Operating result per share (EUR): 0.16 |
| Dividend per share (EUR): 0.08 |
| Dividend yield in % at year-end 2019: 3.8% |
| Net asset value (EUR): 1.51 |

Data per share of EUR 0.24 nominal value

| | 2019 | 2018 |
|--------------------------------------------------------|------------|------------|
| Weighted number of average outstanding ordinary shares | 12,879,601 | 12,756,604 |
| Net result attributable to group shareholders | 0.10 | 0.13 |
| Net cash flow | 0.14 | 0.15 |
| Shareholders' equity (net value) | 1.51 | 1.48* |
| Proposed dividend | 0.08 | 0.08 |

*) after the first application of IFRS 16 as at 31-12-2018

Act on the disclosure of major Holdings

As at 31 December 2019, the register of the Netherlands Authority for the Financial Markets (AFM) in connection with the disclosure of major holdings of shareholders in securities-issuing institutions contained the following investors with participating interests higher than 3% (source: AFM).

| Date of disclosure | Disclosing Party | Interest |
|--------------------|-----------------------------------------------|----------|
| 06 November 2014 | P.C. van Leeuwen | 5.20% |
| 08 July 2015 | Decico B.V. | 5.06% |
| 01 March 2016 | Alpha Holding B.V., Elpico B.V., Invenet B.V. | 4.99% |
| 14 March 2016 | HECO S.A. | 5.08% |
| 01 September 2017 | D. Lindenbergh | 10.00% |
| 20 September 2017 | Axxion | 3.16% |
| 06 September 2018 | J.P. Visser | 21.63% |

Board of Directors

Supervisory Board



Mr H.L.J. Hilgerdenaar (1960),
Dutch nationality.

Director under the articles of association
Chief Executive Officer (CEO)

Mr P.P.J.G. Saasen (1975),
Dutch nationality.

Director under the articles of association
as per 1 October 2019
Chief Financial Officer (CFO)

Mr G. van de Weerdhof (1966),
Dutch nationality.

Chairman of the Supervisory Board.

Member of the Supervisory Board of
Sligro Food Group N.V., Wereldhave
N.V. and Accel N.V.
Member of the Supervisory Board of
Stichting Het Wereld Natuur Fonds-
Nederland (Dutch World Wide Fund
for Nature Foundation).

*Appointed to the Supervisory
Board of Ctac in May 2017. The
current term is for four years
until the date of the 2021 Annual
General Meeting of Shareholders.*

Mr E. Kraaijenzank (1956),
Dutch nationality.

Member of the Supervisory Board
of WLN B.V., Kwetters Holding
B.V. and - until May 2019 - HZPC
Holding B.V.

*Appointed to the Supervisory
Board of Ctac in May 2009. The
current term is for four years
until the date of the 2020 Annual
General Meeting of Shareholders.*

Ms E. Karsten (1954),
Dutch nationality.

*Appointed to the Supervisory
Board of Ctac in May 2014. The
current term is for four years
until the date of the 2022 Annual
General Meeting of Shareholders.*

Report of the board of directors

Introduction

Overview of key figures:

| Results | 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------------------------------|--------|--------|--------|--------|--------|
| (in EUR x 1,000) | | | | | |
| Revenue | 81,782 | 82,998 | 81,597 | 86,230 | 86,092 |
| Net result | 1,262 | 1,715 | 2,800 | 2,613 | 2,414 |
| Employees | | | | | |
| Average number of employees (FTE) | 379 | 418 | 425 | 435 | 449 |
| Ratios | | | | | |
| Operating result/revenue | 2.5% | 2.9% | 4.5% | 3.5% | 3.9% |
| Net result/revenue | 1.5% | 2.1% | 3.4% | 3.0% | 2.8% |

Strategy

'Enabling Your Ambition'

Ctac has determined that its mission is to facilitate the ambitions of its clients by transforming the advantages of information technology into business value and preparing organisations for the future. This also includes challenging the ambitions of our employees.

Ctac expects that the Dutch and Belgian markets will show a greater need for business consultancy support in order to fully utilise the potential offered by digitisation. Technological developments such as predictive analytics, robotics and artificial intelligence influence the sectors in which Ctac is active. According to Ctac, the rise of the Internet of Things (IoT) and Blockchain will also lead to a greater need for support. IoT connects other, different technologies and this has led to new value chains and ecosystems emerging.

In previous years, Ctac has structured its organisation and redefined its strategy such that it has been able to transform itself into a leading Business & Cloud Integrator. In 2019, the focus was, as it will be in the coming years, on integrated – market and/or knowledge-oriented – business units that are optimally equipped to provide high quality and specialist solutions to clients and to unburden them. Ctac unburdens its clients by combining business knowledge with technological knowledge from the five priority areas: Business Consultancy, IT modernisation, Digital Intelligence, Programme & Change Management, and Security.

Ctac's strategy for the coming years is a strategy of growth, both autonomously and through acquisitions, an example of which is the acquisition of Purple Square. Within this context Ctac distinguishes the following strategic objectives.

- To further evolve from an ERP service provider into a distinctive supplier of Business Consultancy services. We provide our business consultancy services to further our clients' sustainable growth, both socially and commercially. We do this by designing the processes of our client's organisation so that they create value and reduce costs through efficiency improvements.
- To unburden national and international SME clients and large companies by offering suitable and reliable IT solutions at attractive rates. Now that technology has become highly integrated into our society, IT has acquired a strategic role. Ctac helps its clients to use IT as a strategic asset.
- To be a 'tour guide' for our clients. Ctac designs and manages complex projects and programmes together with our clients to help them convert their investments into business value. Business value that our clients' employees also accept because Ctac supports them in bringing the change in line with the values of the employees.
- To be an innovative business enabler. A prerequisite for the successful application of innovations is to find the optimum, equal balance between a focus on technology and, first and foremost, a focus on the business/users. We achieve this by bringing innovation to life in co-creation workshops.
- To develop further as a Business & Cloud Integrator. Ctac is doing this in several ways, e.g. by using our own IP solutions, such as our XV Point of Sale and Loyalty platforms, the iPaaS integration platform, and our business platforms Fit4Woco for housing corporations and Fit4RealEstate for commercial real estate organisations.

In addition to these strategic objectives, Ctac attaches great importance to establishing a strong organisational culture. An organisational culture that matches our vision, mission and strategy, and that makes clients, employees and suppliers our ambassadors. Commitment, responsibility, safety and pride are important elements of our organisational culture. Our employees must feel safe and appreciated, and they must also be able to identify themselves with our vision, mission and strategy. This will lead to a culture that best serves long-term value creation.

Markets in which Ctac is active

Ctac approaches the markets in which Ctac is active, i.e. Retail, Wholesale, Manufacturing, Real Estate and Cross Market, in a manner that is in line with the propositions for our clients and our internal organisation has been structured on this basis. This has taken place as a result of a more clearly defined strategy, whereby specialist knowledge of various market sectors has been chosen as the binding factor.

Ctac targets existing and newly defined markets and areas where it wishes to, and can play, an active role, and where the portfolio model based on (business) consultancy, cloud and management services and SAP, inRiver, DellBoomi and Microsoft software products can be applied. In this model, Ctac aims for a well-balanced distribution whereby it remains the aim to have cloud and management services constitute at least 55% of the revenue.

Similar activities are clustered in our structure. Ctac has defined three such clusters: Business Services (Sales and Business Development), Delivery Services (IP, Projects and Management), and Professional Workforce (People and Development).

Business Services

This business unit includes all Sales and Business Development activities. Self-regulating teams, organised on a market and value proposition basis, pursue the acquisition of new assignments and the new and further development of value propositions.

Delivery Services - IP and Projects

This business unit contains all SAP and Microsoft-related activities for specific markets and across markets. This unit of Ctac is active in the following market sectors: Retail, Wholesale, Manufacturing and Real Estate.

The strategic XV Retail, Fit4Woco and Fit4RealEstate solutions are part of this business unit. Both the development of the product, as well as maintaining and adjusting it, is carried out in close consultation with clients. XV Retail now holds a leading position in a highly competitive market both in the Netherlands and in Belgium. Our XV Retail solution is also active internationally, being used in seven different countries, and complies with statutory and tax rules that apply in those countries.

Several clients have onboarded for our Fit4Woco and Fit4RealEstate platforms.

Delivery Services - Management

This business unit offers cloud services (integration, management, hosting and cloud transformation and migrations) and is not linked to specific market sectors in this respect. Through its cloud services, Ctac takes over the management of the systems and applications from its clients. Cloud Services supports the whole lifecycle of systems and applications, so that clients can focus fully on their core business. Cloud Services increasingly focuses on cloud integration and security, enabling us to take away our clients' worries by safely and securely connecting the clouds from which clients purchase services. Integration-Platform-as-a-Service (iPaaS) is a nice new proposition. User friendliness is assured through such features as single sign-on, thus ensuring a secure infrastructure that spans the different clouds, and it also enables us to serve as the Single Point of Contact for the different services. Users of our cloud services include OTTO Workforce, Bavaria, Wonen Limburg, The Greenery and SCIA.

Security is an important aspect of Cloud Services. In the past few years, we have also implemented the principle of 'security by design'. We are also having more and more external audits done and we have been making our internal organisation more aware of the environment in which we work and the responsibilities this entails.

Professional Workforce

All Ctac employees, apart from those in support roles, are part of Professional Workforce. This is the basis from which they are temporarily or permanently deployed in Professional Workforce, Delivery Services or Business Services. Employee development is also shaped in and from Professional Workforce.

Data Centre Facilities

Ctac has moved its data centre activities for the hosting of SAP and Microsoft services to, among others, Equinix, Interoute and Interxion. These data centres were carefully selected in order to be able to stably put our iPaaS proposition into the market, while ensuring the best performance. This has made it possible to develop new, advanced cloud services and provide them from these locations.

Ctac helps companies and organisations in structuring, maintaining, and renewing high-quality ICT infrastructure, and in developing and implementing sector-focused iPaaS (Integration-Platform-as-a-Service), PaaS (Platform-as-a-Service), IaaS (Infrastructure-as-a-Service) and SaaS (Software-as-a Service) solutions.

Ctac Resourcing

The activities that cannot be allocated to Delivery Services IP, Projects and Management, such as the secondment services, are grouped together under Resourcing. Through Resourcing, Ctac is active in the secondment of SAP, Microsoft and other consultants. In the past, the operational Resourcing activities became one integral whole with the Cloud Services and Consulting activities. This had a positive influence on the development and collaboration of the various business units, and on flexibility and continuity.

In addition to recruitment and selection, and seconding consultants to clients, Resourcing is also responsible for hiring external consultants for Ctac Consulting and Ctac Cloud Services. Consequently Ctac is even better organised to anticipate the increasing flexibilisation of the labour market.

Key developments Initiatives, partnerships and certifications

Ctac has strengthened its omni-channel strategy in Germany through a partnership with Allgeier
Ctac entered into a partnership with the German (SAP) service provider Allgeier Enterprise Services in 2019. Ctac offers its XV Retail Suite in Germany through this partner.

SAP Analytics Cloud partnership with SAP
Ctac won second prize in the global SAP Analytics Designer Hackathon. The award-winning solution evaluates how efficient specific shop shelves are and uses various data to analyse the optimum shelf margin.

Ctac focuses strategically on the Public Cloud for commercial real estate organisations

Ctac has developed its own SAP technology-based solution for the commercial real estate market. The ERP Cloud solution, based on S/4HANA, was developed for commercial real estate organisations; customers that purchased this solution in 2019 were HB Capital and AHAM Vastgoed.

Partner of the Year Benelux award and Marketplace award by inRiver

InRiver presented Ctac with the Partner of the Year Benelux award. Ctac also received the Marketplace award. This was mainly due to the highly efficient and effective use of the standard functions of inRiver.

Ctac has expanded its customer engagement activities

In line with our strategy of being a Business & Cloud Integrator, Ctac's portfolio of products and services has been expanded with further e-commerce activities. The expansion of the SAP portfolio seamlessly integrates with the markets Ctac is active in.

Ctac strengthens its omni-channel strategy thanks to its platinum partnership with inRiver

Ctac has been a platinum partner of inRiver since 2018. Ctac is active in the Manufacturing and Retail markets with this solution. As a partner, Ctac helps organisations deal with large amounts of complex product information and display this data efficiently on the relevant channels.

Strategic partnership between Ctac and Microsoft for SAP and Azure services

As in previous years, Microsoft and Ctac once again expanded their partnership in 2019, e.g. for SAP on Azure. This resulted in a joint ecosystem that delivers unique insights and comprehensive product integration, enabling Ctac's customers to make optimum use of SAP solutions and applications in the Azure cloud.

Business Productivity and Desktop-as-a-Service
Mobility and cloud developments are taking place at an enormously high pace and are very important to everyone. That is why Microsoft has three major ambitions: more personal computing, building the intelligent cloud, and reinventing productivity. These ambitions form the basis of our core activities in the fields of Business Productivity and Desktop-as-a-Service.

SAP certifications

Every two years, Ctac has to take various SAP audits, including for its certification as Partner Center of Expertise (PCoE) and SAP Outsourcing Partner. The latter certification is Ctac's guarantee that it can

continue to act as a full SAP Partner for SAP hosting and technical and functional SAP application management for the next two years. The PCoE certificate is our guarantee to our customers that Ctac is still a reliable VAR partner that they can turn to for SAP licenses and the relevant support. The PCoE certificate is valid until November 2021 and the SAP Outsourcing Certificate is valid until January 2022.

ISAE 3402

In January 2020, EY issued an unconditional ISAE3402 type II report for the 2019 financial year following its audit of the design, existence and operation of Ctac's SaaS services control framework.

ISO27001:2013 Information security

Ctac has held an ISO27001 certificate for many years. After successfully passing a full re-certification audit by QMS International in September 2019, Ctac can continue using this certificate.

ISO9001:2015 Quality

Ctac is not only ISO27001 certified, but it also holds an ISO9001 certificate. An audit in September 2019 confirmed that this certificate can also be continued.

CTAC HAS DETERMINED THAT ITS MISSION IS TO FACILITATE THE AMBITIONS OF ITS CLIENTS BY TRANSFORMING INFORMATION TECHNOLOGY INTO ACTUAL 'BUSINESS VALUE'.

SNA Quality mark/NEN4400-1

Ctac holds the SNA Quality Mark for its Resourcing services. This quality mark is issued to companies that comply with the NEN4400-1 standard. The annual audit by Bureau Cicero confirmed that Ctac can rightfully maintain this quality mark.

BOVIB quality mark

Ctac Resourcing B.V. was awarded the BOVIB quality mark in 2019. This quality mark, which was initiated by the sector itself, is an assurance of independence and quality.

Selection of new holdings/projects/contracts

Ctac announces strategic majority interest in Purple Square

In December 2019, Ctac announced that it had acquired 70% of the shares in Purple Square Management Partners B.V. (Purple Square), specialising in Programme and Project Management and Change Management. Purple Square is located in Weert, the Netherlands, and was established in 2014. The team consists of 25 project and programme managers. They are very experienced, highly educated, and successfully work on strategic changes to customers' organisations, with a focus on People, Process & Platform.

Sligro Food Group opts for Ctac's omni-channel POS system

Sligro Food Group has selected Ctac to implement and maintain a new central Point of Sale (POS) system. The XV Retail solution developed in-house by Ctac will replace the cash register system which Sligro is currently using. The central POS system should contribute to an optimum customer experience in a new omni-channel landscape.

Ctac enters the German market in collaboration with Allgeier ES

Ctac has entered into a partnership with German (SAP) service provider Allgeier Enterprise Services (ES) and offers its XV Retail Suite in Germany through this partner. This enables Allgeier ES opportunity to expand its solutions portfolio and thus offer existing and potential customers an end-to-end, omni-channel solution.

Ctac transitions TomTom to SAP on Microsoft Azure

TomTom has selected Ctac to transition its SAP platforms to the Microsoft Azure cloud. These platforms used to be hosted in Ctac's private cloud. TomTom needs to be able to handle strong fluctuations in demand and this requires a lot from TomTom's information systems. Ctac completed the project satisfactorily, within time and budget, and in close cooperation with TomTom and Microsoft.

AHAM Vastgoed (Real Estate) improves its business processes with Ctac's Fit4RealEstate solution

AHAM Vastgoed opted for Ctac's Fit4RealEstate solution to replace its ERP system. The real estate company has opted for this new ERP system in order to improve its business processes, support further growth, and increase customer satisfaction. Fit4RealEstate is a cloud solution based on best practice standards, which makes the system also ideally suited to relatively small real estate companies with 2,500 rental units, such as AHAM Vastgoed.

CRAS Woodgroup chooses SAP S/4HANA through Ctac

CRAS Woodgroup, specialising in wood since 1878, has entered into a partnership with Ctac in order to optimise its business processes and convert real-time data into useful information. CRAS is replacing its outdated, bespoke legacy system by SAP S/4HANA. This will enable CRAS Woodgroup to make carefully considered decisions based on integrated standard processes while benefiting from optimum flexibility, high productivity and the lowest possible administrative costs.

Action works more efficiently with Ctac's Point of Sale system XV5

International discount retailer Action is benefiting from a fundamental building block for its national and international expansion. Action has already started to reap the benefits of the optimisation of its Point of Sale (POS) XV Retail and Omni Customer Loyalty (OCL) programme, brought about by Ctac. This included expanding XV Retail by the Self Check Out module and putting this into operation in several stores. In order to better support the international discount retailer's growth strategy, version 5 of the XV Retail Suite was developed, combined with a new technological platform, and implemented. This solution's extended functionalities and greatly reduced implementation time have helped Action to create a stronger base for further national and international expansion and innovations in retail.

Vivare housing association live with Ctac's Fit4Woco

Fit4Woco, the scalable and modular ERP solution for housing corporations from Business & Cloud Integrator Ctac was rolled out at the Vivare housing corporation on 1 January 2019. Vivare is using Fit4Woco, which is offered as a cloud service, to optimise its business processes and work flows – such as customer contact, rental, real estate, development, maintenance, purchasing and financial administration – and thus provide excellent services.

Financial trends

Revenue

Revenue in 2019 was EUR 81.8 million, which represents a 1.4% decrease compared to the revenue in 2018 (EUR 83.0 million).

Revenue from consultancy, hosting and management rose by 2.1% from EUR 70.9 million in 2018 to EUR 72.4 million in 2019. As part of this, cloud services increased by 8.0% to EUR 33.7 million. Revenue from projects and secondment decreased slightly by 2.5% from EUR 39.7 million in 2018 to EUR 38.7 million in 2019. The hiring of external staff increased by 2.3% to EUR 17.8 million (2018: EUR 17.4 million).

Revenue from software decreased by 48.6% to EUR 1.9 million (2018: EUR 3.7 million).

Revenue from maintenance contracts decreased by 10.7% to EUR 7.5 million in 2019 (2018: EUR 8.4 million).

Software, hardware and maintenance purchases decreased by 12.0% to EUR 8.1 million (2018: EUR 9.2 million).

The revenue per employee (based on the average number of FTEs on an annual basis) rose by more than 9% to EUR 216,000 in 2019 (2018: EUR 198,000), due to increases in productivity and in revenue from cloud services.

Operating expenses

Personnel costs decreased by 4.4% from EUR 38.9 million in 2018 to EUR 37.2 million in 2019. The average number of FTEs decreased by 9.3% from 418 in 2018 to 379 in 2019.

Other operating expenses decreased by EUR 2.9 million to EUR 11.2 million. The application of IFRS 16 caused rent and lease expenses to decrease by EUR 4.4 million. Adjusted for this effect, other operating expenses increased by EUR 1.5 million to EUR 15.6 million, mainly as a result of the settlement of the legal dispute with a client (2018: EUR 14.1 million).

Depreciation and amortisation rose by EUR 4.5 million to EUR 5.5 million (2018: EUR 1.0 million). The vast majority (EUR 4.1 million) of this increase can be attributed to the effect of IFRS 16. Adjusted for this effect, amortisation and depreciation charges increased by EUR 0.3 million to EUR 1.3 million.

Operating result

On balance, the operating result decreased by 12.5% to EUR 2.1 million in 2019 (2018: EUR 2.4 million).

EBITDA

Partly as a result of the first-time application of IFRS 16 in 2019, EBITDA increased from EUR 3.4 million in 2018 to EUR 7.5 million in 2019.

Normalised EBITDA excl. IFRS 16 excl. non-recurring costs rose by 10.2% from EUR 4.9 million in 2018 to EUR 5.4 million in 2019 as a result of an increase in productivity and an increase in amortization costs following the introduction of IP products. The non-recurring costs in 2019 concern the redundancy costs for the former CFO, the damage claim paid in connection with the legal settlement of the dispute with a client, and the associated costs for these two cases, totalling EUR 2.2 million. The non-recurring costs for 2018 were for a EUR 1.5 million write-off on revenue in connection with the dispute with the client.

Finance income and expenses

Net cash and cash equivalents amounted to EUR 1.5 million at year-end 2019 (net bank debt at year-end 2018: EUR 0.3 million). This caused net interest expenses and the other financial expenses to decrease. The application of IFRS 16 resulted in finance expenses on lease obligations in 2019 of EUR 0.2 million. On balance, this increased the financial expenses in 2019 by EUR 0.1 million to EUR 0.2 million (2018: EUR 0.1 million).

Income tax

The tax burden was 30.8% in 2019 compared to 25.4% in 2018. The tax burden increased as a consequence of less benefit from the Innovation Box due to the one-off charges in 2019 and as a consequence of higher profits in Belgium, taxed at a higher rate. On balance, the tax burden of EUR 0.6 million equals the 2018 tax burden.

Net result and result per share

The net result over 2019 amounted to EUR 1.3 million (2018: EUR 1.7 million). This translates into a result per outstanding weighted average ordinary share of EUR 0.10 (2018: EUR 0.13). The result excluding non-recurring costs and the effect of the application of IFRS 16 amounted to EUR 0.24 per weighted average outstanding ordinary share (2018: 0.23).

The total number of outstanding ordinary shares on 31 December 2019 was 12,931,401, which is an increase of 124,319 in 2019 due to the optional dividend in cash or shares for the 2018 financial year.

Balance sheet

The net result for 2019 (EUR 1.3 million), the payment of EUR 0.7 million in cash dividend, and the adjustment of the 2019 initial capital for the first-time application of IFRS 16 by EUR 0.2 million caused shareholders' equity to increase on balance to EUR 19.5 million at year-end 2019.

Trade receivables and other receivables decreased by approximately EUR 2.6 million to EUR 17.0 million at year-end 2019, partly as a consequence of faster payment by debtors and lower license sales in the last quarter of 2019 compared to the same period in 2018. The balance sheet total decreased by EUR 3.1 million from EUR 48.5 million at year-end 2018 (after the first-time application of IFRS 16) to EUR 45.4 million at year-end 2019.

The first-time application of IFRS 16 caused assets to increase by EUR 8.0 million in rights of use as at 31 December 2018. Lease obligations recognised as at 31 December 2018 include EUR 3.7 million in current liabilities and EUR 4.6 million in long-term liabilities.

The solvency (shareholders' equity/total assets) subsequently improved from 38.9% at year-end 2018 to 42.9% at year-end 2019.

Net cash and cash equivalents at year-end 2019 amounted to EUR 1.5 million. The net bank debt increased by EUR 1.7 million compared to the net bank debt of EUR 0.3 million at the end of 2018. The credit facility agreed with ABN AMRO Bank was EUR 6.0 million at year-end 2019. A pledge right on receivables, company equipment and IP rights has been granted as security.

Cash flow and investments

The cash flow from business operations amounted to EUR 8.5 million positive in 2019 (excluding IFRS 16: EUR 4.1 million positive) compared to EUR 6.6 million positive in 2018.

The cash flow from operating activities amounted to EUR 8.1 million positive in 2019 (excluding IFRS 16: EUR 3.9 million positive) compared to EUR 5.4 million positive in 2018.

EUR 0.5 million was invested in tangible fixed assets in 2019 (2018: EUR 0.3 million). The investments consisted of the replacement of ICT infrastructure and new computers. Furthermore, investments of EUR 0.7 million in IP products were recognised under intangible fixed assets in 2019 (2018: EUR 1.8 million).

The cash flow from financing activities was EUR 5.1 million negative (2018: EUR 1.4 million negative), which was partly due to a payment of earn-out obligations in the amount of EUR 0.1 million (2018: EUR 0.9 million), a dividend payment of EUR 0.7 million for the financial year 2018 (for the financial year 2017: EUR 0.5 million), and lease payments of EUR 4.2 million as a result of the application of IFRS 16 (2018: EUR 0.0).

On balance, the net cash flow amounted to EUR 1.7 million positive in 2019 (2018: EUR 1.9 million positive).

Proposal for incorporation of result

After carefully considering the impact of a potential dividend payment on the net cash flow in 2020, shareholders' equity, its composition and other balance sheet components, it is proposed to the General Meeting of Shareholders that a dividend of EUR 0.08 per ordinary share be paid out from the net result for the 2019 financial year (2018: EUR 0.08 per ordinary share), which amounts to a pay-out ratio of 33% of the normalised net profit.

Legal dispute has been settled

The legal dispute with a customer about the performance of a contract concluded in July 2016 was settled in 2019. In 2018, an inimitable interlocutory decision was given against Ctac as to the customer's obligations and the value of the services provided by Ctac, after which the Court issued its ruling in October 2019. This ruling led to a one-off charge in the figures for 2019 as a consequence of compensation having been awarded for an amount of EUR 1.3 million (a revenue adjustment of EUR 1.5 million had initially been made in the 2018 financial statements). The outgoing cash flow as a consequence of the ruling was EUR 2.2 million in 2019.

Personnel developments

Focus on employees

Employees are Ctac's main asset. Their talent is critical to our strategy: realising our customers' ambitions. The only way for Ctac to realise its ambitions is with highly qualified and motivated employees. An important part of this is that we enable our employees to realise their personal ambitions within Ctac. Ctac's human resources policy therefore aims to create a working climate in which there is room for personal growth, development and initiatives. This responsibility is shared by the employees, managers and Ctac alike. The work/personal life balance is an important part of the human resources policy. Our core values are integrity, respect and commitment. Since working together features high on our agenda, we have chosen to include 'working together' as a key competence for every position within Ctac, which means that this competence will always be discussed during the review cycle.

Ctac is a knowledge-intensive organisation in a dynamic market and environment, and consequently attaches a great deal of importance to investing in employees. Employees must meet the requirements of their position and must be given the opportunity to continue to develop themselves. Ctac consequently recognises the necessity of structured training as a tool, on the one hand, to maintain knowledge and skills, and, on the other hand, to anticipate employees' personal training and development needs. The guiding principles for this development, consisting of personal objectives, are formulated each year by the employee in consultation with their manager. These personal objectives are based on the employee's ambitions, but must also support Ctac's ambitions.

Organisation and top structure

The Supervisory Board held several discussions with the Board of Directors regarding the succession of senior managers who are approaching retirement age.

In February 2020, the Board of Directors, supported by a renowned external expert, adopted a new senior management structure, which is planned to mainly be filled by people who have been progressed internally.

Strategic Personnel Planning

All business units actively pursue Strategic Personnel Planning (SPP). Ctac's workforce is changing along with this and must be able to offer the latest new developments to customers at all times. The various sessions with stakeholders will increasingly address the translation of market and technological developments. What will this mean for Ctac in a few years' time? How can we already define our priority focuses for this? From working on a good learning climate, stimulating the development of soft skills, to selecting a set of competences that will contribute most to success for a specific job category. SPP is also used for Succession Planning and Talent Management. Besides Ctac Nederland, Belgium is also actively working on introducing SPP. In 2020, the Belgian Ctac operation's will also implement Ctac Nederland's method for an optimum, Ctac-wide SPP analysis.

Learning and development

Ctac has been offering a development programme to create an optimum working climate to foster the development of soft skills since 2018. The goal is a 'best fit' between organisational strategy and soft skills in order to achieve Ctac's proposition as a sparring partner of its customers. By offering an easily accessible platform that is accessible 24/7 and offers all employees plenty to choose from, Ctac has also increased the commitment and sustainable employability of its personnel. Ctac continues to pay attention to safeguarding a culture of continuous learning and daring to learn continuously, giving feedback, and personal leadership. The soft skills development programme was evaluated in mid-2019. A generic user report led management to decide to continue to offer the online soft skills development programme to our employees in 2020 as well.

Talent management

Competition in the (IT) labour market is fierce. Therefore, attracting and developing employees is of great importance to Ctac and talent management features very high on the HR agenda. 'Enabling Your Ambitions' also applies to employees' talents. The Talent & Career programme was developed for a group with the right potential, the ability to grow, and the right ambition. The first group started in 2019. This customised programme allows us to respond to development needs. Both individually and as a

team, these talents perform at a very high level, in the interests of our customers. This allows these young potentials to grow to higher positions in our company faster and to broaden their skills and competences. And this also benefits our longer-term succession management (Succession Planning). Ctac thus optimally leverages its talent to ensure the continuity of the organisation.

Diversity and inclusiveness

There cannot be diversity without inclusiveness. Diversity is what people see and perceive, inclusiveness is what they feel. These are two different things. On average 22% of employees at Ctac were female in 2019. However, diversity is not only about men/women ratios, it is especially about respect for the differences between employees and/or their sociocultural backgrounds and attitudes to life. Ctac attaches particular value to diversity within the organisation, where the key focus is not on a single employee's knowledge or capability, but on the collective knowledge and capabilities of all employees. Ctac is open to everyone and this is also shown by the opportunities employees get to grow.

The company has shown that it actively advocates diversity through the dialogue on this subject between management and employees. Ctac employees share the feeling that everyone is entitled to a safe working climate, where working together based on respect is the norm. The 'Transgender Personnel' guideline is an example of this.

Ctac advocates its diversity policy to the external labour market by means of a diversity clause in its vacancy texts: "Ctac gets a head start on the future by opting for inclusiveness as an added value." Quality, motivation and internal driving forces will always be decisive in terms of hiring new employees.

Vitality policy

Preventing absenteeism

Ctac pursues an active illness policy to prevent long-term absence by providing information to management on recognising the initial symptoms of illness and on possible preventive and other measures. In this way, Ctac tries to reduce the absence due to illness. In 2019, absence due to illness decreased to 3.5% (2018: 3.9%). There is an active focus on absence management with an eye to preventing absenteeism and promoting the employability of employees.

Company fitness

Vital employees are a key to sustainable success. For this reason, Ctac pursues a vitality policy that contributes to greater health awareness among its employees. Employees who actively practice sports are more productive and fitter, and their average absenteeism figures are lower. As an employer, Ctac wants to encourage its employees to adopt a healthy lifestyle with sufficient exercise. That is why we offer our employees a company fitness scheme.

Continuation of Preventative Medical Examinations

Preventive Medical Examination (PMO) has been found to be of great value in increasing the health awareness of the employees who participated in it. Findings at organisational level have been translated into vitality policy. In 2019, agreements were made with the Jeroen Bosch Hospital to once again offer a PMO to all its employees with effect from 1 March 2020.

Recruitment and Employer Branding

We continued to build on improving Ctac's recognisability as an employer in a scarce labour market. Ctac's online recognisability was strengthened by sharing content about Ctac, our proposition and our projects with the relevant target groups on a structural basis; we thus created a distinctive position as an employer. The online candidate journey was assessed for each target group and optimised where necessary.

Several initiatives were developed at universities, including universities of applied sciences, in order to make Ctac more recognisable to young talents. For example, we participated in the SAP Partner Talent Programme in which we approached and enthused specific young talents for Ctac. We are also active at various universities of applied sciences where we participate in speed meetings and facilitate guest lectures and internships in order to introduce Ctac to the talents of the near future. This will remain a focus for the coming years.

Our employees are an important recruitment channel; they are our main ambassadors on the labour market. In 2019, an additional incentive was again initiated to continue to encourage them to bring new employees. For example, colleagues are rewarded for a "referral" earlier in the process. This varies for each stage in the recruitment process, ranging from a gift voucher to a relevant recruitment bonus. Our continuous focus is on continuing to put this referral scheme in the spotlight.

Scarcity in the labour market

Scarcity in the IT labour market will increase in 2020 and subsequent years. Demand for IT professionals has been growing faster than their availability in the labour market, partly due to current digitisation developments. IT is increasingly becoming an essential business requirement, increasing the demand for IT professionals. As a result, IT professionals also have a wider range of employers for whom they can work. Many candidates are latently looking for new jobs: they are not actively looking, but given the right conditions they will be open to a new challenge. The main pull factors and terms of employment for each target group need to be identified so that they can be included in our recruitment strategy.

Given the tight labour market, recruiting junior IT professionals will be a particular challenge. Many companies have focussed on attracting junior employees, students and newcomers to the labour market in recent years. This means that the 'war for talent' will become much more intense at schools of higher vocational education and universities as well. The network of contacts with these educational institutions will therefore be given quite some attention in 2020 and be developed further.

New payroll system

Since 1 January 2019, Ctac has been using SAP Payroll for its salary payments. A major advantage of SAP Payroll is that data from HR and Payroll is now linked and all data comes from one database, so that any changes in salary data are processed directly in the Payroll system.

Employee participation in decision making

At year-end 2019, the Works Council comprised five people. The Board of Directors regularly meets with the Works Council to discuss all aspects of the company's business operations. A member of the Supervisory Board attended one of these meetings in 2019. Recurring agenda items in these meetings are market and result trends, organisational changes, and the human resources policy. In 2019, the Works Council again made positive contribution. They provided their opinion and/or consent in various matters, including:

- setting up and implementing a new organisational structure;
- appointment of the new CFO;
- acquisition of Purple Square Management Partners B.V.;
- adjustment of the overtime rules.

Sustainable business

Corporate Social Responsibility within Ctac

The long-term vision and continuity of the organisation are the most important themes regarding corporate social responsibility within Ctac. In addition, there is a clear awareness within the ICT market regarding sustainable business practices. The scarcity of natural resources and the exhaustibility of fossil fuels also have affected the sector. For instance, the Dutch government strives to purchase all of its products and services in a sustainable manner, including the procurement of ICT services. Ctac endorses the importance of sustainability in the provision of services both to its customers and to society in general.

That is why Ctac maps its energy consumption and prepares a Carbon Footprint report every year. Our efforts to reduce our energy consumption where possible and lower our CO₂ emission are actively controlled and promoted by providing an insight into the energy consumption and drawing up a Carbon Footprint report. It is Ctac's goal to lower the outcome of its Carbon Footprint report every year.

Ctac also actively considers the three Ps of corporate social responsibility (People, Planet, Profit). This comprehensive approach enables Ctac to achieve progress in the area of sustainability, socially and societally, as well as economically.

The P of People represents the ability of employees to realise their ambitions. Ctac aims to create a working climate in which there is room for growth, development, and new challenges. Ctac invests in its employees and offers them the opportunity to develop.

Optimising the Carbon Footprint was the starting point for Ctac's approach to the P of Planet. The Carbon Footprint reports produced in recent years show that the majority of the CO₂ emissions is caused by the fuel consumption of lease cars. One of the objectives that Ctac had set for itself was to reduce the fuel consumption of its lease cars. CO₂ emissions decreased substantially between 2010 and 2014. However, this objective will be maintained for the next few years. In 2019, Ctac's CO₂ emissions were 5% less compared to our fuel consumption in 2018, i.e.: 65 tonnes of CO₂ less. With electric cars having been added to Ctac's terms of employment in 2019, the company expects a greater reduction in CO₂ emissions in the near future.

For the P of Profit, products and services are being used/developed whereby the focus is on sustainability. These products will realise savings for Ctac's customers in the fields of energy, waste and CO₂ emissions. Ctac works together with customers, suppliers and business partners in order to contribute to a healthier environment.

Sustainability

Sustainability can no longer be eliminated from social debate. This applies to Ctac and most certainly to its customers as well. Most customers have developed a sustainability policy that generally devotes very little attention to the role of ICT, while ICT – in part based on the use of software – can play an important role in curbing energy consumption. Companies and organisations in 's-Hertogenbosch have set up the Bossche Energiecoalitie (BEC) to work together on sustainable energy provision. Ctac is a co-signatory of this energy coalition. Sharing knowledge and experience, and being a test bed for sustainable innovations are the BEC's basic principles. We can take great strides by working together on a specific theme or in a specific area, for example by a joint approach to solar power or by utilising residual heat at an industrial estate.

Energy objectives are formulated every year. This includes, for example, objectives related to mobility (reductions in mileage, electric transportation), energy savings in company buildings (insulation, lighting, energy management or optimisation of existing installations), or the use of solar panels.

Ctac continues to reduce the CO₂ emissions of its car fleet. Ctac attaches great value to monitoring the CO₂ emissions resulting from its operations. This is why it has been preparing a Carbon Footprint report for several years in a row. This makes it possible to analyse the differences between years and it provides a point of reference for taking measures designed to increase the organisation's level of sustainability.

Besides the company's objective to reduce the CO₂ emissions of its car fleet, the focus for 2020 will be sustainable waste processing. This includes separate waste collection and reducing waste, e.g. by replacing disposable crockery by recyclable products. This also includes reducing food waste in the company restaurant. Ctac has introduced these measures to make Ctac a more sustainable company and to raise awareness among its staff.

Ctac 2019 Carbon Footprint

To calculate the overall CO₂ emissions for the Ctac organisation in 2019, use was made of the energy consumption data related to accommodation, the internal and external data centres, and employee mobility.

The categories incorporated in the international Greenhouse Gas Protocol (GHG Protocol) guidelines were used to establish the operational scope. This protocol makes a distinction between three sources of emission: scopes 1, 2 and 3. The CO₂-generating activities that Ctac has included in its calculations are defined for each scope.

Ctac's total emissions in the 2019 calendar year amounted to 1,685 tonnes of CO₂. This represents a decrease in emissions of almost 5% compared to the 2018 calendar year. The main reason for this slight decrease is the electric vehicles in the car fleet. The number of leased cars remained basically the same, achieving the objective set. Lowering this CO₂ emission once again is also an objective for 2020.

Scope 1

Scope 1 is concerned with the direct emission of greenhouse gases. The direct emission of CO₂ is caused by the use of fossil energy carriers (natural gas, petrol, etc). To calculate the CO₂ emissions, the use of fossil fuels is identified and converted into CO₂ emissions using predetermined specific conversion factors.

For Ctac, only the fuel consumption of its lease cars was recorded. Taken together, this resulted in the emission of 1,226 tonnes of CO₂ in 2019 (2018: 1,290 tonnes). The Scope 1 CO₂ emissions account for the largest share of the total emissions. This is generally the case for companies involved in providing commercial services. Within this, emissions produced by fuel consumption are the most important contributing factor.

Scope 2

Aside from the direct emission of greenhouse gases (scope 1), the CO₂ footprint also includes the indirect CO₂ emissions resulting from the consumption of electricity. While the conversion of electric power into 'usable' energy does not release any CO₂ emissions (in other words, there is no combustion inside an electric appliance), this is nevertheless the case when electricity is produced in a power plant. Through its purchase of electricity, Ctac is therefore indirectly responsible for these CO₂ emissions.

Ctac's total Scope 2 CO₂ emissions were 478 tonnes in 2018. This means that there was a decrease in this scope compared to 2018, since this scope for Ctac in 2019 amounted to 457 tonnes. This is a 4% decrease. The decommissioning phase of the old data centre was completed in 2019, leading to lower kWh consumption.

Scope 3

Finally, an organisation has indirect CO₂ emissions that are a consequence of the company's activities, but that are generated by sources that are not owned or managed by the company. For example, CO₂ emissions are generated by employees commuting in traffic, business travel using personal cars, the processing of waste generated by the organisation, the production of the materials purchased by the organisation, etc. The organisation cannot directly influence the emissions that are released in this respect. These indirect emissions fall under Scope 3 emissions.

In the context of Scope 3, Ctac has identified a limited number of CO₂ emission sources. Ctac's total CO₂ emissions in this scope in 2019 were 1.6 tonnes (in 2018: 1.6 tonnes).

Ctac quality, information security and privacy

Ctac has had a clear information security policy, firmly rooted in our organisation, for several years. This policy is based on several pillars of which employee awareness, the organisation of the various processes, and both internal and external audits of the processes and methods are standard parts. Ctac has been ISO27001 certified since 8 December 2008. Information security is an integrated part of Ctac's services and is instrumental in defining the quality of its services. Ctac has therefore held the ISO9001 certificate since 2009. The ISO certificates have never been goals in themselves; they simply help Ctac to make sure that the company does not lose the focus on its services. Ctac strives for a continuous process of optimising and improving, including by using the principle of 'security by design', that will raise the quality of our processes and their control, our product delivery, and our working methods to ever-higher levels.

In 2020, Ctac's situation as regards certificates was still excellent. The ISO27001:2013 and ISO9001:2015 controls were audited by QMS International B.V. again in 2019, enabling Ctac to continue its ISO certification without any problems. This is proof that the Ctac organisation has reliably mastered specific ISO elements, such as ownership, process responsibility and management participation, etc.

2019 was the first year in which the General Data Protection Regulation (GDPR) was effective for the entire financial year. Since the GDPR was introduced into the Ctac organisation, Ctac has worked continuously to permanently operationalise this in its organisation. For instance, further attention was paid to creating privacy awareness within the organisation and the first steps

were taken towards the implementation of the ISO27701 standard, which is an extension of the existing ISO27001 and ISO27002 standards that have already been implemented by Ctac.

In addition to the ISO certifications and the continuation of the GDPR, ISAE3402 type II reporting for 2019 has also been implemented, resulting in a report that carefully tests the functioning of the Plan Do Check Act cycle of the Ctac ISAE3402 framework. This audit was also carried out by EY in 2019. Ctac also passed this audit and can produce a sound, unconditional ISAE3402 type II report again in 2020. Besides our continuous effort to safeguard optimally functioning cross-domain management systems with the corresponding tests and certificates, there is of course also always room for possible additional requests from our clients.

Risk profile and risk management

Risk attitude

The Board of Directors has final responsibility for the risk management system. It strives to limit risks to a minimum and not to enter into any substantial risks without being able to control these risks. The Board of Management uses a risk management system to identify and mitigate risks. This system analyses the risks and regularly measures the effectiveness of the measures as these apply to the business processes within Ctac. The internal controls are constantly evaluated and further professionalised. Ctac has implemented a constant process of internal controls and measurements to provide for the optimum monitoring and timely identification and, if necessary, mitigation of risks that arise.

General

Ctac's long-term strategy is directed at the continuity of the company and long-term value creation for all stakeholders through growth and a positive profitability trend. Ctac aims to achieve this long-term value creation by structurally adjusting the technical and commercial activities to each other as part of the strategy and adapting the nature and size of the organisation accordingly. In 2019, Ctac once again invested in its IP products such as XV Retail, Fit4RealEstate and Fit4Woco. Ctac aims to achieve 'new' revenues in the longer term through these products. Investing in and offering opportunities to employees to develop further also contributes to long-term value creation.

Ctac's strategy is discussed extensively with the Supervisory Board every year. This risk management system with its control mechanisms and mitigating measures is also a regularly recurring item on the agenda of the Supervisory Board. In addition, the administrative organisation and the internal controls are evaluated in terms of structure, existence and operation as part of the audit of the financial statements by the external auditor each year.

Risk management is an integral part of the planning and control cycle. Together with the directors of the various business units, the Board of Directors translates Ctac's strategic objectives into business plans and budgets for each business unit. The business plan contains concrete business objectives, financial objectives and some Key Performance Indicators (KPIs). The progress of these targets is measured and assessed throughout the year. The Board of Directors and the directors of the various business units compare the operational and financial results per business unit with the results of the previous year and the budgets drawn up for the current year. If necessary, further actions are defined and expectations adjusted. The main KPIs at Ctac have both an internal and an external focus. Internally, Ctac measures its capacity utilisation rate, prices, number of direct and indirect FTEs, as well as the efficiency of the processes. The main external KPI is customer satisfaction. This is measured from the various contacts with clients. Examples of this are calls that are closed with the applicant indicating how satisfied they are, customer reviews, and the reviews of individual consultants. Appropriate measures are taken if and as necessary.

Ctac uses uniform work processes, procedures and information systems as much as possible and has laid down responsibilities, authorities, segregations of functions, guidelines, procedures and processes in a clear and accessible manner in a computerised tool.

Ctac worked on the further optimisation of risk management and internal control systems in 2019. Ctac is aware that such systems cannot offer absolute certainty. The following important elements can be distinguished in Ctac's system of risk management and control:

- strategic risks/market risks;
- financial risks;
- operational risks.

The sections below outline the most relevant risks with which Ctac is confronted at present. Risks that have not been identified at present, or that are not considered to be material, are not included below.

Strategic risks/market risks

- Ctac intends to continually develop adequate ICT solutions. Developments in the markets in which Ctac operates are occurring at a rapid pace. There is a risk that Ctac may not be sufficiently able to anticipate and respond to market developments in good time by developing and offering new products and services. In order to avoid this, Ctac works together with customers as much as possible in order to

improve customers' processes. The increasing desire of customers to enter into a fully-fledged partnership continues to be manifest. Organisations increasingly depend on optimally functioning ICT systems to support their business processes. Consequently, customers need a one-stop-shop solution, offering in-depth knowledge of the vertical market in combination with a broad range of solutions, as offered by Ctac.

- The ICT services market is a mature market. The emergence of niche players is putting pressure on prices and margins. Ctac tries to mitigate this risk by making clear strategic choices regarding its positioning in the market and by continuously investing in the development of its employees' competencies and skills.
- Acquisitions: if Ctac acquires any companies, its ultimate objective is to maximise the synergies envisaged. If acquisitions are involved, the first step is to assess whether there is a sufficient 'strategic and cultural fit'. Ctac will then establish a realistic price and an adequate Post-Merger Integration path.
- In order to mitigate downward risks concerning its revenue, Ctac has set the objective to realise approximately 50% of its total annual revenue from long-term management and hosting contracts and from the daily services demanded by our existing customer base. This objective was once again achieved in 2019. Ctac serves some 600 customers in several different sectors. Ctac minimises any downside risks for its revenue through this broad exposure to relatively large customers.
- In order to be able to anticipate a potential reduction in ICT services and projects, Ctac attempts to limit the consequences of any reduction in such demand by making efficient and flexible use of its own employees and, where necessary, by hiring external staff.
- Ever-more companies are exploring the possibilities of the public cloud and the integration of applications that are offered from the different clouds. It is difficult to estimate at which speed this process will develop in the future. Ctac continuously adjusts its business propositions in order to optimally respond to this from a commercial point of view. By correctly defining contracts with both clients and suppliers and optimising the duration of contracts where possible, Ctac is trying to prevent that clients' systems being migrated from Ctac to public clouds will negatively affect Ctac's revenue and results. For example, every three months, Ctac monitors how to estimate the situation expected for the next three years in order to assess whether its practices need to be adjusted.

Financial risks

- Ctac is subject to a number of financial risks, such as market risk (interest-rate risk and currency risk), credit risk, liquidity risk and capital risk. In addition, goodwill was created through acquisitions some years ago. These acquisitions have been largely integrated with the Ctac organisation as a whole. Annual audits for the presence of impairment triggers are carried out. A description of the financial risks and the management of these risks can be found in the notes to the consolidated financial statements. Ctac aims to identify any potential risks in a timely manner and mitigates them where possible.
- Ctac develops customer solutions and software partly in-house. Part of the costs is recognised on the balance sheet as deferred costs. Technological developments and changing market conditions may make it impossible to earn deferred costs back. Ctac is cautious as regards deferring costs. In addition, a check is made every year that the relevant value as recognised on the balance sheet can still be earned back.
- As Ctac is liable for tax, it runs tax risks when performing its activities. Ctac manages these risks by keeping its tax knowledge up-to-date, consulting experts, proactively identifying and managing tax risks, and carrying out random checks on its accounting records. Since Ctac has entered into a compliance covenant with the Dutch Tax and Customs Administration, it is subject to 'Horizontal Supervision', implying mutual proactive collaboration between the Tax and Customs Administration and Ctac.

Operational risks

- Ctac has identified a number of operational risks resulting from its business operations. Ctac carries out projects for customers, provides services, including cloud services, and works with various suppliers and partners as part of the service chain. Since every form of service provision comes with its own specific risks, Ctac always makes sure that independent, substantive and legal tests of all contracts are conducted before entering into them.
- To identify and mitigate risks as adequately as possible, Ctac has positioned its risk management separately within its organisation.
- An important part of Ctac's revenue is generated by projects for customers. Where a direct and complete influence of a risk on the result to be achieved can be attributed to Ctac, Ctac will of course assume this responsibility. How these projects and assignments are executed can have an important influence on Ctac's performance and results. In order to minimise the risks in connection with this, the Ctac organisation has an internal quality and control system. We have now reached the stage where Project Management is actively involved from the pre-sales phase to

the offer and possibly the presentation at the customer's in order to identify and mitigate any risks. Project and assignment control is one of the most important pillars for Ctac in carrying out projects and assignments.

- Of course, as a provider of general ICT and Cloud services, Ctac pays attention to identifying and handling privacy and information security risks. The CISO and the Data Protection Officer, together with the various business units and the internal staff departments, identify these risks. Jointly with management, they prepare and roll out the necessary mitigating actions, using the ISO27001 standard and the ISAE3402 framework prepared by Cta. In this context, it is very important for Ctac that its cyber security is arranged perfectly. That is why Ctac set up an internal operational security team some years ago. They ensure the continuous monitoring of the entire IT infrastructure and can react immediately to any threat. The design, existence and operation of all mitigating actions and activities are periodically tested by means of internal and external audits. All data is recorded using the specialist GRC Control software.
- Employees are the company's most important assets for an ICT service provider such as Ctac. Ctac can only grow further because of its employees. Scarcity in the labour market can inhibit growth in ICT knowledge from a quality perspective, or growth in revenue from a quantity point of view. That is why Ctac has a human resources policy aimed at creating a stimulating working environment, one in which there is room for growth, the development of, and new challenges for the employees. The retention and recruitment of expert employees is an important objective and will remain a prime focus together with recruiting talented employees.
- It is inherent in the nature of the increasingly complex business in which Ctac operates that disputes with clients will sometimes arise. In its services, Ctac is constantly alert to preventing such disputes and strives to resolve any disputes that do occur quickly and to the customer's satisfaction. In order to ensure continuity in the event of claims, Ctac has general and professional liability insurance.

Conclusion

Based on the evaluations carried out, the Board of Directors concludes that the risk management system, as well as the control of the business processes and the internal controls within Ctac, are sufficiently professional, appropriate and effective. The Board of Directors is of the opinion that the risk management system with its controls and measurements offers a sufficient degree of certainty regarding the reliability of the financial information and management information generated by this system and is in accordance with the relevant laws and regulations.

Outlook

Ctac renewed its credit facility with the ABN AMRO Bank on 15 January 2020. The combination facility now agreed on is for a total amount of EUR 4.0 million with an increase of EUR 2.0 million to EUR 6.0 million in the months April to August. In addition, a new five-year loan amounting to EUR 4.5 million was taken out to fund the acquisition of Purple Square.

Investments to replace hardware are expected. In addition, investments to expand data centre capacity were made in 2020.

As all companies, Ctac has been confronted with the economic and social consequences of the COVID-19 virus. These are uncertain times and, since the Board of Directors cannot forecast for how long this situation will continue, making any firm statements about the possible long-term impact is impossible. Immediately after it became clear that the virus would also have consequences for the Benelux, Ctac set up a Business Continuity Team headed by the CFO, with representatives from the various disciplines in the organisation. A redundant communication structure was set up for the company's service activities in order to optimally continue to satisfy customer needs. Ctac communicates with its employees on a regular basis about the status and progress of the actions taken to ensure the continuity of the Ctac's service provision. The Board of Directors has decided that managing cash flow and working capital has top priority for the time being. Initiatives taken for this purpose include the daily monitoring of our accounts receivable balance, and optimising our accounts payable balance.

In addition, actions to cut costs have been identified which will be implemented depending on the duration of the current situation. It is also being studied whether Ctac will be eligible for use of the government's support measures once their operation and scope are fully known. For the time being, the Board of Directors sees no reason to doubt the continuity assessment of Ctac's service provision and there is therefore no reason to take any drastic measures, including the forced redundancy of employees. Given the current package of measures, the Board of Directors has confidence in Ctac's future.

Due to the current situation as a result of the COVID-19 virus, the Board of Directors cannot make a resolute statement as to the expected profitability for 2020.

A word of thanks

2019 was an eventful year in which some one-off events had a significant impact on the net result. Nevertheless, the dedication and commitment of all employees enabled Ctac to improve its operational result. We would like to take this opportunity to thank everyone who contributed to this.

's-Hertogenbosch, 27 March 2020

The Board of Directors

Mr H.L.J. Hilgerdenaar (CEO)
Mr P.P.J.G. Saasen (CFO)

Compliance with the Dutch Corporate Governance Code

In principle, the Supervisory Board and the Board of Directors, which are jointly responsible for Ctac's corporate governance structure, endorse and, as much as possible, apply the principles and best practices laid down in the Dutch Corporate Governance Code. Ctac only departs from this Code on a limited number of points (the numbers in brackets refer to the relevant provisions of the Corporate Governance Code of 8 December 2016).

- Ctac monitors its internal processes in several ways. For example, it has a Receivables Board, a Project Review Board, and a contract management system. The internal audit function and the internal risk control systems have therefore been integrated with the administrative organisation/internal controls (1.2 and 1.3). Since risks and derogations are reported adequately, and since such derogations can be corrected afterwards, a separate internal audit function is not deemed to be necessary. Every year, both the external auditor and Ctac itself consider whether the internal assessment system is still sufficient and whether having an internal audit function is necessary for the organisation at a certain moment.
 - Mr Hilgerdenaar has an open-ended contract (2.2.1). Since board members act on the basis of a long-term strategic perspective, limiting the term of appointment was not considered appropriate when appointing Mr Hilgerdenaar.
 - Ctac has not appointed a secretary for the Board of Directors as this position does not fit in with its management structure (2.3.10). Ctac fills in this position in a different manner than prescribed by the Code.
 - A possible compensation payment payable upon the dismissal of Mr Hilgerdenaar has not been laid down in a contract and therefore this has not been maximised (3.2.3). As compensation in the event of involuntary dismissal as referred to in the above-mentioned best practice provision, compensation shall be paid that is deemed reasonable based on the contractual relationship, social trends and case law, and is consistent with the applicable legal provisions. The compensation in case of dismissal for Mr Saasen has indeed been maximised in accordance with the provisions of the Code.
 - The remuneration of the Board of Directors is specified in the financial statements and the remuneration report as part of the annual report (3.4.1). The annual report is published on the website.
- The remuneration policy, which has been approved by the General Meeting of Shareholders, is also published on the website. The Supervisory Board has determined the remuneration of the individual members of the Board of Directors based on the remuneration policy.
- Since this has never been found to actually be necessary, Ctac has decided not to make use of webcams and/or other technical devices to enable third parties to follow analyst meetings and other meetings, and shareholders to participate in meetings (4.2.3). For the time being, the conclusion is that the communication in its current form is adequate. However, the presentations that Ctac gives to these target groups are made available to everyone via the website.
 - With due consideration of the statutory provisions, the members of the Board of Directors are appointed by the General Meeting of Shareholders from a binding nomination to be drawn up by the Priority Foundation. A binding nomination is drawn up within a term that commences on the date the vacancy occurred and ends seven days prior to the date of the notice convening the General Meeting of Shareholders in which the vacancy is filled. The General Meeting of Shareholders is free to make an appointment if no binding nomination has been made within this term. In derogation of the Code (4.3.3), the General Meeting of Shareholders may resolve that a nomination is not binding by means of a resolution adopted by a majority of at least two thirds of the votes cast representing more than half of the subscribed share capital. If the binding nomination is for a candidate for a position to be filled, then a resolution concerning the nomination will result in the candidate's appointment, unless the binding character of the nomination is revoked.
- Detailed information about Ctac's Corporate Governance can be found on Ctac's website under Investor Relations, Corporate Governance.

The Corporate Governance Code Monitoring Committee

The Dutch Corporate Governance Code Monitoring Committee (the Van Manen Committee) published the revised Dutch Corporate Governance Code on 08 December 2016. The main change is the central focus on long-term value creation and the introduction of culture as a constituent of good corporate governance. Many aspects of the Code were updated. Ctac has implemented the revised code.

Explanation of the diversity policy and its implementation

The Supervisory Board has drawn up a diversity policy for the composition of the Board of Directors, the Supervisory Board and senior management, which addresses the specific diversity objectives and the diversity aspects that are relevant to Ctac, such as age, gender, nationality, educational background and professional experience. An explanation of the diversity policy and its implementation in the past financial year is provided below.

In order to ensure sufficient diversity in terms of education and professional experience, different background profiles have been formulated for the members of the Board of Directors, the Supervisory Board and senior management. These profiles are taken into account whenever appointing new board members or senior managers, and they may serve as the basis for further training efforts if necessary, prior to any appointment. Strengthening senior management was given attention in 2019 and, as a result, some additional managers were appointed. They took part in an external management training programme in order to enable them to take up their positions in early 2020. The diversity with regard to the ratio between men and women remained unchanged during the year under review. Depending on the moment when vacancies arise in the Board of Directors, the Supervisory Board and senior management, the possibilities of ensuring the aspired ratio between men and women will be considered, without losing sight of the other aspects of diversity. As long as the target percentage has not been reached, a woman will be the preferred candidate if equally suitable. Ctac also strives to achieve sufficient diversity – again without losing sight of the other aspects of diversity – in terms of age. The aforementioned board members have created further diversity as regards age, nationality and gender, within the organisation's management.

Board of Directors

The Board of Directors of Ctac is responsible for formulating objectives and strategy and for carrying out the company's strategic and operational policy. In fulfilling their tasks, the Board of Directors focuses on the interests of the company and the companies that are affiliated with it. In doing so, the Board of Directors takes the interests of all stakeholders into account. For this purpose, KPI-based, short-term and long-term bonuses have been promised to the Board of Directors.

In 2019, the Board of Directors of Ctac consisted of Mr Henny Hilgerdenaar and Mr Douwe van der Werf. Mr Van der Werf stepped down in the course of the year under review. Pieter-Paul Saasen was subsequently appointed a member of the Board of Directors during the Extraordinary General Meeting of Shareholders on 24 September 2019. Further information about the members of the Board of Directors can be found on page 16.

Supervisory Board

The Supervisory Board is primarily responsible for supervising the policy and management of the Board of Directors, both from a strategic and an operational point of view. In addition, the Supervisory Board acts as an advisory body to the Board of Directors. The procedures and the profile of the Supervisory Board are laid down in rules of procedure and in a profile description, both of which are published on our website.

The Supervisory Board currently consists of Messrs Gert van de Weerdhof (Chairman) and Ed Kraaijenzank, and Ms Liesbeth Karsten. Ms Karsten maintains contact with the Works Council on behalf of the Supervisory Board. Supervisory Board members are appointed in accordance with the Corporate Governance Code, i.e. in principle they are appointed for a term of two times four years, and any subsequent appointment will be advocated in the report of the Supervisory Board. Further information about the members of the Supervisory Board can be found on page 17.

General Meeting of Shareholders

A General Meeting of Shareholders is convened once a year. All decisions are taken based on the 'one share, one vote' principle. Resolutions are adopted by an absolute majority of votes, unless a larger majority is prescribed by law or by the articles of association.

Report of the Supervisory Board

The main powers of the General Meeting of Shareholders of Ctac are:

- adopting the financial statements;
- adopting the profit appropriation and the dividend;
- discharging the Board of Directors from liability for the policy pursued;
- discharging the Supervisory Board from liability for the supervision of the policy pursued and the management of the company by the Board of Directors;
- appointment, suspension and dismissal of the members of the Board of Directors and the Supervisory Board;
- appointing the external auditor;
- resolving to amend the articles of association following a motion by the Priority Foundation;
- authorising the Board of Directors to repurchase the company's own shares;
- determining the remuneration of the members of the Supervisory Board;
- approving important decisions of the Board of Directors.

Communication

Ctac attaches great value to open and transparent communication with the financial community in general and with its financiers in particular. Ctac maintains regular contact with analysts and investors, as well as with the financial media that form the most important sources of information for private investors. In its communication with these target groups, Ctac relies on information published by means of press releases. In a disclosure policy, Ctac has laid down which information is published and when this information is published. This guarantees the accurate and simultaneous provision of information to all shareholders.

Introduction

2019 was a turbulent year for Ctac. Mr Douwe van der Werf, CFO, stepped down at the beginning of the year and Mr Pieter-Paul Saasen was appointed as his successor on 24 September 2019. In the months that followed, frequent meetings were held with the Board of Directors to discuss the strategy. The Board of Directors formulated an ambitious growth target and the Supervisory Board is satisfied to note that the first steps towards this growth were already successfully completed at the end of the year.

Composition of the Supervisory Board

The Supervisory Board consists of three members: Mr Gert van de Weerdhof (Chairman), Mr Ed Kraaijenzank, and Ms Liesbeth Karsten. The Supervisory Board has established two committees. All Supervisory Board members are also members of these committees; the audit committee is chaired by Mr Kraaijenzank and the remuneration committee by Ms Karsten. The personal details and profiles of the Supervisory Board members can be found on Ctac's website.

The composition of the Supervisory Board complies with the Corporate Governance Code guidelines and the diversity desired as regards gender, age, experience and expertise. In the opinion of the Supervisory Board, the stipulations of best practice provision 2.1.7 have been satisfied. All Supervisory Board members are independent in the sense of best practice provision 2.1.8.

Mr Kraaijenzank's term on the Supervisory Board expires the coming General Meeting of Shareholders. He was appointed in 2009 and then reappointed for three years in 2013 and again for four years in 2016. The Supervisory Board considers it ill-advised to replace the financial specialist on the Supervisory Board within a year of appointing a new CFO and changing auditors. It is therefore proposed to reappoint Mr Kraaijenzank for a period of one year. He will thus reach the maximum term of office of twelve years.

Supervisory Board and committee meetings

In 2019, the Supervisory Board met fifteen times in the presence of the Board of Directors, five of these meetings were committee meetings and the other ten were board meetings. The attendance rate was 100% of all members. Recurring topics at the meetings were the development in results, the budget and its realisation, market developments and the revenue pipeline, the organisational structure and culture, the general and operational course of affairs, risk management (mainly focused on disputes and procedures) and, of course, the strategy.

The November meeting was held at the Ctac office in Belgium, where the Belgian management gave a presentation of the operational course of affairs. Major steps were taken in Belgium to improve the quality of the organisation. Employee engagement increased, improving retention. The improved organisation also had an impact on the sales process. Revenue on projects was showing an upward trend and the pipeline was developing well.

Strategy

Ctac has defined a growth ambition to a revenue level ranging from EUR 100 - 150 million. Growth should be achieved both organically and through acquisitions.

Organisations want to become more agile in their business operations, enabling standard ICT solutions to be used. A "best of breed" solution is chosen for every individual application. Ctac wants to strengthen its role as a discussion partner at the business level, identifying trends at an early stage and both proposing and providing solutions.

In December 2019, the Supervisory Board approved the Board of Directors' proposal to acquire a majority interest in Purple Square. This acquisition fits seamlessly into the strategy which involves Ctac offering its customers added value in their digital transformation journey, not only by offering the right ICT solution, but also through active involvement during the business transformation.

Risk management

On 16 October 2019, the Amsterdam Court ruled on a legal dispute between Ctac and a client about the settlement of the performance of a contract concluded in July 2016. The Amsterdam Court ruled that the client was legally allowed to dissolve the contract. This ruling had a one-off impact on the company's profit of EUR 1.3 million.

After getting a second opinion and several discussions with the Supervisory Board, Ctac decided not to lodge an appeal. Internal procedures have been tightened up to prevent such a situation from occurring again in the future, especially with regard to early detection and warning of timelines being exceeded due to a client's actions. The ruling has now become irrevocable.

The structure and functioning of the internal risk management and risk control systems were evaluated periodically in 2018 and did not require any further action. This review was not repeated in 2019 since the new CFO only joined the company in the second half of the year. The internal control framework will be evaluated again in 2020.

The Board of Directors made good progress in the second half of the year on a number of recommendations in the auditor's management letter, such as reducing the number of superusers. The Supervisory Board is pleased to note that all significant issues from the management letter have been handled. Given the small size of the organisation and the minor number of entities to be consolidated, Ctac has not established an internal audit function. The Supervisory Board agrees with the Board of Directors' decision not to establish an internal audit function in the year 2020 either.

Evaluation

In 2019, the Supervisory Board regularly discussed its own performance and that of the Board of Directors amongst themselves as part of their discussions after the formal meeting had ended. The topics discussed included the quality and timeliness of information, communications and interpersonal relationships. The Board has found that none of its members feel the need of taking extra training courses or education programmes. Given the recent changes to its composition, the Board of Directors will not be evaluated until the first half of 2020.

Corporate governance

The Supervisory Board and the Board of Directors subscribe to almost all of the principles and best practices in the Dutch Corporate Governance Code. Ctac departs from this code only on a limited number of points, see pages 32 - 34 of this report. During the year under review, there were no transactions with members of the Board of Directors and/or the Supervisory Board which might have involved a conflict of interest. All transactions between the company and the members of the Supervisory Board are published in the annual report.

Remuneration policy

In 2019 and early 2020, the remuneration committee prepared a new remuneration policy for the members of the Board of Directors. The policy will be submitted to the shareholders for their approval during the General Meeting of Shareholders on 10 June 2020. The existing fixed remuneration has not been increased. The new variable short-term incentive is more compatible with the strategy and the variable long-term incentive will be paid as shares from now on, with the option for the Board of Directors to make use of part of the variable short-term incentive in order for them to underline their confidence in the strategy. Since the current long-term incentive will end at the end of 2020, the proposed new LTI will take effect from 2021. The new STI will take effect from 1 January 2020. Ctac's works council has given a positive opinion as to the new remuneration scheme for the members of the Board of Directors.

"DURING THE MEETINGS WITH THE BOARD OF DIRECTORS, A NUMBER OF FIXED AGENDA ITEMS WERE DISCUSSED, INCLUDING THE STRATEGY"

The remuneration of the Supervisory Board is not linked to the results of the company. No changes will be made to the remuneration established in 2017. None of the Supervisory Board members owns Ctac shares and/or options on Ctac shares. Reference is made to pages 38 - 40 of this report for the remuneration report of the Supervisory Board.

2019 Financial Statements

Ctac ended the financial year 2019 with a net result of EUR 1,262,000. The Board of Directors has submitted the 2019 financial statements and the directors' report to the Supervisory Board for its approval. The audit was carried out by BDO Audit & Assurance B.V., which issued an unqualified opinion. The audit opinion is included on pages 94 - 101 of this annual report.

The Supervisory Board has established that the report of the Board of Directors over 2019 satisfies the requirements of transparency and that the 2019 financial statements give a true and fair view of the financial position and the profitability of the company. Therefore, it is proposed that the General Meeting of Shareholders adopt the 2019 financial statements and discharge the Board of Directors for the management of the company and the Supervisory Board for the supervision of the management of the company over the past financial year.

Appropriation of the result

The Supervisory Board also agrees with the Board of Directors' proposal to distribute a dividend of EUR 0.08 per share to holders of ordinary Ctac shares. The proposal shall also include giving power of attorney to the Board of Directors to issue the ordinary shares that are needed in order to distribute the dividend in the form of shares.

Appointment of auditor

Ctac needs an auditor with experience of internationally operating and listed companies, and which has a branch in the Eindhoven region. Following an extensive selection procedure which was carried out in close consultation with the chairman of the audit committee, the Supervisory Board has proposed to the shareholders that PricewaterhouseCoopers Accountants NV be appointed as auditor for the financial years 2020 and 2021. An evaluation of the auditor's performance will be carried out at the end of 2021.

In conclusion

The Supervisory Board would like to express its appreciation to all employees, the management and the Board of Directors for their continued effort and valuable contributions. The company's credo, Enabling Your Ambition, not only refers to our customers' ambitions, but it also applies internally.

Ctac N.V. remuneration report

This remuneration report was prepared in accordance with Section 2:135b of the Dutch Civil Code. For this purpose, account has been taken of the relevant remuneration principles, as incorporated in the Dutch Corporate Governance Code (the 'Code') and the revised European Shareholders' Directive that entered into force in 2019. It describes how the remuneration policy was implemented in 2019.

The composition of the Board of Directors changed in the year under review. Mr D.G.H. van der Werf stepped down by mutual agreement. He was succeeded by Mr P.P.J.G. Saasen on 1 October. There were no changes to the composition of the Supervisory Board.

Remuneration in 2019

The fixed and variable remunerations of the members of the Board of Directors for 2019 were as follows.

| | H.L.J. Hilgerdenaar CEO | P.P.J.G. Saasen CFO | D.G.H. van der Werf CFO |
|-----------------------------------------------------------------------------|-------------------------------|---------------------------|-------------------------------|
| (in EUR x 1,000) | | | |
| Fixed remuneration, including pension compensation | 350 | 88 | 393 |
| Company car and other additional benefits | 28 | 9 | 28 |
| Variable remuneration | 57 | 17 | 38 |
| | STI | | |
| | - | - | - |
| | LTI | | |
| Pension and disability benefit insurance and other employer's contributions | 32 | 7 | 35 |
| Extraordinary items | - | - | 275 |
| Total remuneration | 467 | 122 | 769 |
| Variable share in % | 12.2 | 13.9 | 4.9 |

Mr Hilgerdenaar has an open-ended employment contract. He has been working for the company since 1994. No fixed severance pay has been agreed.

Mr Saasen was appointed at the Extraordinary General Meeting of Shareholders on 24 September 2019. The four-year employment contract took effect on 1 October 2019 and will end on 1 October 2023. The agreement provides for a fixed severance payment of one year's salary.

The employment contract entered into with Mr Van der Werf was terminated on 31 December 2019. He stepped down as a director on 15 May 2019. The severance pay paid to him was EUR 275,000.

The members of the Board of Directors do not receive any additional remuneration from subsidiaries for their Board positions in the group.

Ctac pays a short-term bonus (STI) and a long-term bonus (LTI).

Calculation of short term bonus for 2019

The maximum amount of the STI is 45% of the fixed annual salary; it depends on the extent to which targets and budgets are achieved. 35% of the fixed salary will be awarded for achieving the target; if 110% or more of the targets have been achieved, the maximum score of 45% will be awarded. Achieving 90% of the objectives will result in 25% of the fixed salary being awarded, which will decrease to 10% if only at 80% of the targets have been achieved and the minimum bonus of 5% of the fixed salary will be awarded if 75% of the targets have been achieved. If less than 75% of the targets have been achieved, no bonus will be awarded.

| CEO target | Weight in allocation at target | Score |
|--------------------------------------------------|-----------------------------------|-------|
| Achievement of revenue in accordance with budget | 30% | 91% |
| Achievement of profit in accordance with budget | 30% | 34% |
| Recurring revenue 45% | 20% | 112% |
| Achieving 5 S/4 HANA migrations | 20% | 80% |

| CFO target | Weight in allocation at target | Score |
|--------------------------------------------------|-----------------------------------|-------|
| Achievement of revenue in accordance with budget | 30% | 91% |
| Achievement of profit in accordance with budget | 30% | 34% |
| Recurring revenue 45% | 20% | 112% |
| Achieving 5 S/4 HANA migrations | 20% | 80% |

Calculation of long-term bonus for 2019

The long-term incentive applies to the period of 2018-2020 and is determined based on number of phantom shares for the CEO and the CFO as of the start of this period or, if the CEO or CFO joined the company during this period, from the moment when their employment contract took effect. The share price development plus the dividends paid during this period on the number of shadow shares will be paid in cash at the end of the LTI period, provided that the official in question is still in the company's employment then. The number of phantom shares is set at 200,000 for the CEO and at 170,000 for the CFO.

Assigning a value to the long-term remuneration of the members of the Board of Directors is not possible yet, as this is based on the share price development.

Shares held by the members of the Board of Directors

The members of the Board of Directors do not hold any Ctac N.V. shares or options on such shares.

Pension

The salary is pensionable up to an amount of EUR 107,593 a year. Ctac has a defined contribution pension scheme with a defined contribution percentage according to a graduated age scale. The accrual based on the extra-statutory part is discounted into the CFO's gross salary, in accordance with a fixed premium of 10.2% of the extra-statutory part of the salary. The pension compensation for the CEO is an additional payment based on the graduated contribution scale applied to the extra-statutory part as used within Ctac.

Development of remuneration of the Board of Directors

(in EUR x 1,000)

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|------------------------------------|------|------|------|------|------|
| Directors' remunerations *) | | | | | |
| CEO H.L.J. Hilgerdenaar | 467 | 449 | 408 | 354 | 350 |
| CFO P.P.J.G. Saasen | 367 | - | - | - | - |
| CFO D.G.H. van der Werf | - | 427 | 385 | 364 | 356 |

Development of operating result

| | | | | | |
|------------|--------|--------|--------|--------|--------|
| Revenue | 81,872 | 82,998 | 81,597 | 86,230 | 86,092 |
| Net result | 1,262 | 1,715 | 2,800 | 2,613 | 2,414 |

Average remuneration on a full-time basis

| | | | | | |
|-----------|-----|-----|-----|-----|-----|
| Directors | 417 | 438 | 396 | 359 | 353 |
| Employees | 102 | 100 | 96 | 92 | 96 |
| Pay ratio | 4.1 | 4.4 | 4.1 | 3.9 | 3.7 |

*) In a year where there was a change of management, these figures were based on the annual remuneration of the most recent holder of the position in question.

Pay ratio

The remuneration ratio between the Board of Directors and other employees within Ctac, i.e. the 'pay ratio', is shown above. This serves to promote consistent remuneration ratios and is in accordance with best practice provision 3.4.1, point iv, of the Dutch Corporate Governance Code. The pay ratio for the Board of Directors for 2019 is 4.1 (2018: 4.4). This pay ratio has been calculated by dividing the average costs of the Board of Directors over 2019 by the average costs per employee for Ctac, excluding the members of the Board of Directors.

Remuneration of the members of the Supervisory Board

The remuneration for members of the Supervisory Board in 2019 was EUR 45,000 for the Chairman and EUR 32,500 for the members.

The members of the Supervisory Board do not receive any remuneration in the form of shares or share options. The remuneration does not depend on the company's results, nor on any changes to the control of the company.

The remuneration paid to the individual members of the Supervisory Board during the past five years is listed below.

(in EUR x 1,000)

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---------------------------------------------------|------------|------------|------------|-----------|-----------|
| G. van de Weerdhof (with effect from 10 May 2017) | 45 | 45 | 29 | - | - |
| E. Kraaijenzank | 33 | 33 | 33 | 25 | 25 |
| E. Karsten | 33 | 33 | 33 | 25 | 25 |
| H.G.B. Olde Hartmann (until 10 May 2017) | - | - | 11 | 30 | 30 |
| Total remuneration | 110 | 110 | 106 | 80 | 80 |

Other

No transactions with members of the Supervisory Board or the Board of Directors involving possible conflicts of interest occurred during the year under review.

Neither the company nor its subsidiaries granted any loans to the members of the Board of Directors or the Supervisory Board.

Financial Statements

| Consolidated balance sheet as at 31 december | | |
|-----------------------------------------------------|---------------|---------------|
| | 2019 | 2018 |
| (in EUR x 1,000) | | |
| ASSETS | | |
| Fixed assets | | |
| 8) Intangible fixed assets | 17,563 | 17,569 |
| 9) Rights of use | 6,232 | - |
| 10) Tangible fixed assets | 1,275 | 1,374 |
| 11) Deferred tax assets | 1,181 | 1,234 |
| 12) Other receivables | 206 | 70 |
| | 26,567 | 20,247 |
| Current assets | | |
| 14) Trade receivables | 10,886 | 13,541 |
| 14) Other receivables | 6,163 | 6,039 |
| Corporation tax owed | - | 207 |
| 15) Cash and cash equivalents | 1,864 | 379 |
| | 18,913 | 20,166 |
| | 45,370 | 40,413 |
| LIABILITIES | | |
| 16) Shareholders' equity | | |
| Issued and paid-up capital | 3,104 | 3,074 |
| Share premium reserve | 11,695 | 11,725 |
| Other reserves | 3,396 | 2,582 |
| Result for the financial year | 1,262 | 1,715 |
| Attributable to group shareholders | 19,457 | 19,096 |
| Minority interests | - | 19 |
| Group equity | 19,457 | 19,115 |
| Long-term liabilities | | |
| 9) Lease obligations | 3,433 | - |
| 17) Other long-term liabilities | 215 | 261 |
| 11) Deferred tax liabilities | 53 | 114 |
| | 3,701 | 375 |
| Current liabilities | | |
| 9) Lease obligations | 3,039 | - |
| 15) Amounts owed to banks | 400 | 656 |
| 18) Provisions | 219 | 1,100 |
| 19) Trade payables and other debts | 18,413 | 19,167 |
| Corporation tax due | 141 | - |
| | 22,212 | 20,923 |
| | 45,370 | 40,413 |

| Consolidated profit and loss account for | | |
|--------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| | 2019 | 2018 |
| (in EUR x 1,000) | | |
| 6) Revenue from contracts with customers | 81,782 | 82,998 |
| Operating expenses | | |
| Cost of hardware and software | 8,074 | 9,153 |
| Outsourced work | 17,807 | 17,415 |
| 20) Personnel costs | 37,169 | 38,904 |
| 8) Amortisation of intangible fixed assets | 736 | 285 |
| 9) Amortisation of rights of use | 4,129 | - |
| 10) Depreciation of tangible fixed assets | 599 | 705 |
| 21) Other operating expenses | 11,207 | 14,124 |
| Total operating expenses | (79,721) | (80,586) |
| Operating result | 2,061 | 2,412 |
| Finance income | - | 1 |
| Finance expenses | (40) | (113) |
| Finance expenses - lease obligations | (197) | - |
| 22) Total finance income and expenses | (237) | (112) |
| Result from ordinary activities before taxes | 1,824 | 2,300 |
| 23) Income tax | (562) | (585) |
| Net result | 1,262 | 1,715 |
| Attributable to minority interests | - | - |
| Attributable to group shareholders | 1,262 | 1,715 |
| 24) Profit per share | | |
| Net result per share (EUR) | 0.10 | 0.13 |
| Net result per share after dilution (EUR) | 0.10 | 0.13 |
| Number of ordinary shares at year-end | 12,931,401 | 12,807,082 |
| Weighted number of average outstanding ordinary shares | 12,879,601 | 12,756,604 |
| Weighted number of average outstanding ordinary shares for the calculation of the diluted earnings per share | 12,879,601 | 12,756,604 |

| Consolidated statement of comprehensive income | 2019 | 2018 |
|-------------------------------------------------------|--------------|--------------|
| (in EUR x 1,000) | | |
| Net result for the financial year | 1,262 | 1,715 |
| Other total result, not recognised in the result | - | - |
| Total result for the financial year | 1,262 | 1,715 |

Consolidated statement of changes in shareholders' equity in 2019

(in EUR x 1,000)

| | Issued Share Capital | Share premium reserve | Other reserves | Undistributed Profit | Attributable to Group shareholders | Minority interests | Group Equity |
|-----------------------------------------------------------------|-----------------------------|------------------------------|-----------------------|-----------------------------|-------------------------------------------|---------------------------|---------------------|
| Balance as at 31 December of the previous financial year | 3,074 | 11,725 | 2,582 | 1,715 | 19,096 | 19 | 19,115 |
| Impact of first-time application of IFRS 16 Leases | - | - | (228) | - | (228) | - | (228) |
| Balance as at 1 January | 3,074 | 11,725 | 2,354 | 1,715 | 18,868 | 19 | 18,887 |
| Net result for the financial year | - | - | - | 1,262 | 1,262 | - | 1,262 |
| Total result for the financial year | - | - | - | 1,262 | 1,262 | - | 1,262 |
| Appropriation of the result in previous financial year | - | - | 1,042 | (1,042) | - | - | - |
| Dividend | 30 | (30) | - | (673) | (673) | - | (673) |
| Paid to third-party share | - | - | - | - | - | (19)* | (19) |
| Total transactions with shareholders | 30 | (30) | 1,042 | (1,715) | (673) | (19) | (501) |
| Balance as at 31 December | 3,104 | 11,695 | 3,396 | 1,262 | 19,457 | - | 19,457 |

*) Concerns purchase of shares in Alpha Distri B.V.

Consolidated statement of changes in shareholders' equity in 2018

(in EUR x 1,000)

| | Issued Share Capital | Share premium reserve | Other reserves | Undistributed Profit | Attributable to Group shareholders | Minority interests | Group Equity |
|--------------------------------------------------------|-----------------------------|------------------------------|-----------------------|-----------------------------|-------------------------------------------|---------------------------|---------------------|
| Balance as at 1 January | 3,037 | 11,762 | 282 | 2,800 | 17,881 | 20 | 17,901 |
| Net result for the financial year | - | - | - | 1,715 | 1,715 | - | 1,715 |
| Total result for the financial year | - | - | - | 1,715 | 1,715 | - | 1,715 |
| Appropriation of the result in previous financial year | - | - | 2,300 | (2,300) | - | - | - |
| Dividend | 37 | (37) | - | (500) | (500) | - | (500) |
| Paid to third-party share | - | - | - | - | - | (1) | (1) |
| Total transactions with shareholders | 37 | (37) | 2,300 | (2,800) | (500) | (1) | (501) |
| Balance as at 31 December | 3,074 | 11,725 | 2,582 | 1,715 | 19,096 | 19 | 19,115 |

*) Concerns payment of dividend to minority shareholders

| Consolidated cash flow statement for | 2019 | 2018 |
|---------------------------------------------|-------------|-------------|
| (in EUR x 1,000) | | |

CASH FLOW STATEMENT

| | | |
|--------------------------------------------------------|----------------|----------------|
| Operating result | 2,061 | 2,413 |
| Amortisation of intangible fixed assets | 736 | 285 |
| Amortisation of rights of use | 4,129 | - |
| Depreciation of tangible fixed assets | 599 | 705 |
| Change in provisions | (881) | 903 |
| Valuation differences earn-out obligations | 55 | 167 |
| | 6,699 | 4,473 |
| Changes in working capital | | |
| Receivables | 2,530 | 1,014 |
| Short-term debts | (771) | 1,158 |
| | 1,759 | 2,172 |
| Cash flow from business operations | 8,458 | 6,645 |
| Interest received | - | 1 |
| Interest paid | (222) | (51) |
| Profit tax paid | (144) | (1,213) |
| | (366) | (1,263) |
| Cash flow from operating activities | 8,092 | 5,382 |
| Investments in tangible fixed assets | (500) | (319) |
| Investments in intangible fixed assets | (729) | (1,806) |
| | (1,229) | (2,125) |
| Payment of earn-out obligations | (107) | (874) |
| Payment to third-party share | (19) | (1) |
| Dividend | (673) | (500) |
| Provision of long-term surety | (136) | - |
| Repayment of lease obligations | (4,187) | - |
| | (5,122) | (1,375) |
| Cash flow from financing activities | (5,122) | (1,375) |
| | 1,741 | 1,882 |
| Cash and cash equivalents | 379 | - |
| Short-term debts owed to banks | (656) | (2,159) |
| Balance of cash and cash equivalents as at 1 January | (277) | (2,159) |
| Cash and cash equivalents | 1,864 | 379 |
| Short-term debts owed to banks | (400) | (656) |
| Balance of cash and cash equivalents as at 31 December | 1,464 | (277) |
| | 1,741 | 1,882 |

Notes to the consolidated financial statements

1. General information about Ctac

As a Business & Cloud Integrator, Ctac helps its customers to achieve their ambitions. Ctac innovates continuously in order to create the business value needed for this. The organisation provides a broad portfolio of SAP and Microsoft solutions 'on any cloud', as well as business consultancy, managed services, project, learning and secondment services. In addition, Ctac has some products of its own, including the XV Retail Suite which consists of an omni-channel-driven Point-of-Sale & Loyalty platform, and SaaS solutions for housing associations and commercial real estate, i.e. Fit4Woco and Fit4RealEstate. Approximately six hundred organisations of every size and in various sectors make up Ctac's customer base. At year-end 2019, Ctac employed 397 people. Ctac is active in the Netherlands, Belgium and France; its head office is located in 's-Hertogenbosch, at Meerendonkweg 11, the Netherlands. Ctac N.V.'s registered office is also located here. It is registered under Chamber of Commerce file number 16066162. The company is listed on Euronext Amsterdam (ticker: CTAC).

The Board drew up the financial statements on 27 March 2020. The annual accounts will be submitted to the General Meeting of Shareholders for adoption on 10 June 2020.

2. Main accounting principles for the financial statements

Ctac N.V.'s consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretation of these standards as laid down by the International Accounting Standards Board (IASB) and accepted for use within the European Union and the statutory provisions of Title 9, Book 2 of the Dutch Civil Code. Ctac N.V.'s financial statements have been prepared in Dutch and in English, with the Dutch version prevailing. The financial statements are presented in euros. Amounts are stated in thousands of euros, unless indicated otherwise. The euro is Ctac N.V.'s functional and presentation currency. Where necessary, the figures for 2018 have been reclassified to enable comparison with those for 2019.

Preparing the consolidated financial statements in accordance with IFRS regulations requires the management to make assessments, estimates and assumptions that influence the application of the guidelines and the valuation of assets, liabilities, revenues and expenses. The estimates and assumptions that were made are based on historical experiences and various other factors that are deemed realistic under the given circumstances. The estimates and assumptions that were made have served as the basis for the assessment of the value of the reported assets and liabilities. However, actual results

and circumstances can differ from the estimates that were made. Estimates and underlying assumptions are constantly assessed and if necessary adjusted. Changes in estimates and assumptions are recorded in the period in which the estimates are revised if the revision only concerns the period in question, or in the period of revision and future periods if the revision influences both the current and future periods. Management's estimates and assessments when applying IFRS with a significant effect on the financial statements and future periods can be found in note 5.

The financial statements for Ctac N.V. are based on the going concern assumption, with management concluding, based on a revised liquidity budget - prepared as a consequence of the COVID-19 virus outbreak - that the use of this assumption is justified based on current insights for the coming 12 months.

Application of amended and new International Financial Reporting Standards (IFRS)

If applicable, Ctac applied new and amended IFRS standards and IFRIC interpretations relevant to the company during the financial year under review. Except for the explanatory notes below, the application of other new and amended standards and interpretations in 2019 does not have a material effect on Ctac's capital and results, nor on the explanatory notes in the financial statements.

The application of the IFRS standards and interpretations that have been published and do not yet apply to accounting periods starting on 1 January 2019 has not been brought forward. The change in the definition of a business pursuant to IFRS 3 is not expected to have a material impact on the Purple Square's classification. The other new standards applicable after 2019 are not expected to have a material effect on Ctac's capital and result, or on the explanatory notes to the financial statements. The group's first-time application of IFRS 16 'Leases' took effect on 1 January 2019. An explanation of the impact of applying IFRS 16 is included below.

IFRS 16 'Leases'

This standard, which replaces IAS 17 'Leases', became effective on 1 January 2019. The standard contains guidelines for the recognition, valuation, presentation and explanation of lease contracts. Pursuant to this standard, the recognition of lease contracts by lessees no longer makes a distinction between lease contracts that qualify as operating leases and lease contracts that qualify as financial leases.

The first-time application of IFRS 16 will be in accordance with the modified retrospective approach, with the lease asset being valued as if IFRS 16 had always been applied. When applying this method, the standard is applied retrospectively, with the cumulative effect of the first-time application as determined at

the transition date being recognised as part of equity. Comparative figures for previous periods have not been adjusted.

The effect of the first-time application of IFRS 16 is as follows.

| (in EUR x 1,000) | 1 January 2019 |
|-------------------------------------|----------------|
| ASSETS | |
| Fixed assets | |
| Rights of use | 8,004 |
| Deferred tax assets | 70 |
| Total fixed assets | 8,074 |
| LIABILITIES | |
| Shareholders' equity | |
| Retained profit | (228) |
| Long-term liabilities | |
| Lease obligations | 4,637 |
| Current liabilities | |
| Lease obligations | 3,665 |
| Total equity and obligations | 8,074 |

For the first-time application of IFRS 16, Ctac has made use of a uniform method of recognition and valuation for all leases. The standard provides for specific transition requirements and practical exceptions.

Leases that qualified as finance leases in the past

Ctac did not have any financial lease agreements as at 1 January 2019.

Leases accounted for as operating leases in the past

On 1 January 2019, Ctac had a large number of operating lease contracts for hardware and passenger cars, and some long-term real estate leases. With respect to these leases, a right of use and a lease obligation have been recognised since 1 January 2019. The right of use and the lease obligation were recognised at the present value, assuming that IFRS 16 has been applied since the lease started. An incremental interest rate on the transition date was taken into account for the calculation. The incremental

interest rates as at 1 January 2019 were determined on the basis of underlying assets and the term of the relevant lease contracts and range between 2.0% and 3.0%.

Ctac applied the following practical exceptions in connection with the transition:

- use of the same interest rate for a portfolio of leases with relatively identical characteristics.

Based on the above assumptions, the impact on the financial position as at 1 January 2019 is as follows:

- recognition of a fixed asset / right of use of approximately EUR 8.0 million;
- an increase in deferred tax assets of approximately EUR 70k;
- recognition of a lease obligation of approximately EUR 8.3 million;
- a decrease in shareholders' equity (retained profit) of approximately EUR 0.2 million.

The reconciliation between the operating lease obligations as at 31 December 2018 and the lease obligations when applying IFRS 16 as at 1 January 2019 can be explained as follows.

| (in EUR x 1,000) | 1 January 2019 |
|-------------------------------------------------------------------------------|----------------|
| Operating lease obligations as at 31 December 2018 | 11,235 |
| Less: Obligations concerning service components | (2,635) |
| Less: Discounting | (298) |
| Lease obligation as at 1 January 2019 | 8,302 |
| Average weighted interest rate when applying discounting as at 1 January 2019 | 2.6% |

Application of the new standard has no material effect on the covenant calculation as defined in the financing agreement. Operating lease obligations have already been identified separately in the financing agreement, both in the definition of 'net debt' and in the definition of 'EBITDAL'.

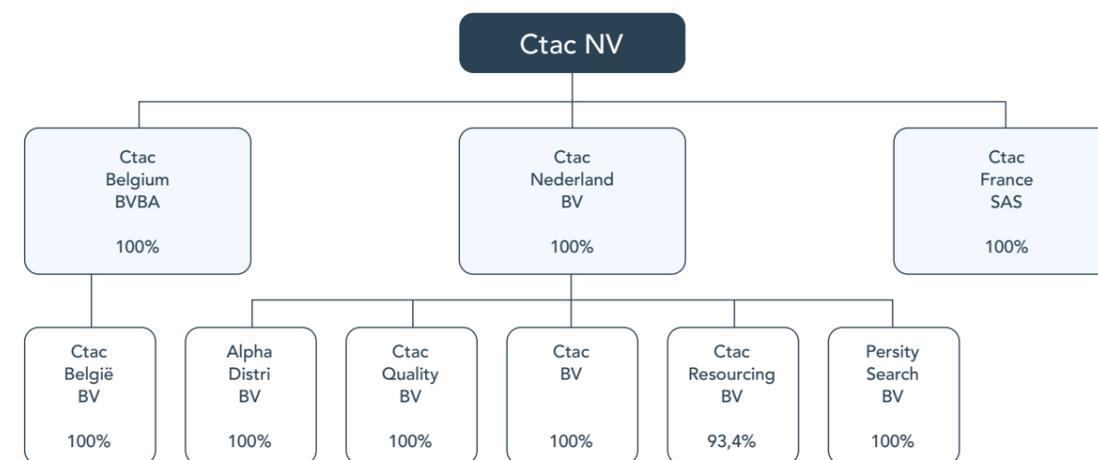
2.1 Accounting principles for consolidation

Ctac N.V. and all participations over which Ctac can exercise decisive control are included in the

consolidation. There is decisive control if Ctac can directly or indirectly determine the financial and operational management of a company. The financial statements of these participations have been included in the consolidated financial statements as from the date on which decisive control was acquired until the time when Ctac loses decisive control.

The consolidation includes the following participations.

| Participations | Place of business | Participation as a % | |
|----------------------|--------------------|----------------------|---------------|
| | | year-end 2019 | year-end 2018 |
| Ctac Nederland B.V. | 's-Hertogenbosch | 100 | 100 |
| Alpha Distri B.V. | 's-Hertogenbosch | 100 | 50.5 |
| Ctac Quality B.V. | 's-Hertogenbosch | 100 | 100 |
| Ctac B.V. | 's-Hertogenbosch | 100 | 100 |
| Ctac Resourcing B.V. | 's-Hertogenbosch | 93.4 | 91.2 |
| Persity Search B.V. | 's-Hertogenbosch | 100 | 100 |
| Ctac Belgium BVBA | Wommelgem, Belgium | 100 | 100 |
| Ctac België N.V. | Wommelgem, Belgium | 100 | 100 |
| Ctac France SAS | Paris, France | 100 | 100 |



The cost price of a newly acquired participation is determined based on the liquid assets paid and payable on the transaction date and, if applicable, the fair value of equity instruments (i.e. shares).

Inter-company balance sheet positions, transactions and unrealised profits on such transactions are eliminated when preparing the consolidated financial statements.

The accounting principles for the valuation and determination of the results as included in these financial statements are applicable to the balance sheets and the profit and loss accounts of all group companies included in the consolidation.

2.2 Segmented reporting

In accordance with IFRS 8 'Operating Segments', segmented information is based on operational segments which are monitored by managers and based on which they make their operational decisions. These operational segments have been identified on the basis of internal reporting that is periodically assessed by the Board of Directors with a view to allocating working capital to components and to determining the performance of the components.

2.3 Intangible fixed assets

2.3.1 Goodwill

Acquisitions are recognised using the acquisition method of accounting.

Goodwill that may result from the acquisition of participations is the difference between the cost price of acquiring the company minus the balance of the net fair value of the identifiable assets and the fair value of the liabilities acquired of the company. The cost of acquiring the company is valued at the aggregate of the

fair value on the acquisition date of the consideration transferred and the amount of minority interests in the entity acquired.

Directly attributable acquisition costs are not taken into account in the calculation of the acquisition price and goodwill. These costs are charged directly to the result. Goodwill is valued at cost price minus cumulative impairments. Inclusion of a deferred tax obligation in the event of adjustments to fair value affects the level of the goodwill. Goodwill is attributed to cash-flow generating units.

An impairment of goodwill, where relevant, is charged to the profit and loss account. An impairment relating to goodwill is never reversed. Upon the sale of an entity, the book value of the goodwill is included in the result.

Insight into the contingent liabilities and a description of the factors that have contributed to the cost price that results in the recognition of goodwill cannot always be immediately provided because, in some cases, business plans are not yet sufficiently clear. The fair value that must be accorded, if applicable, to the intangible fixed assets is then worked out and determined at a later stage. Where applicable, this will take place within 12 months from the acquisition date.

2.3.2 Adjustments to the value of earn-out obligations

Adjustments to the value of earn-out obligations resulting from changed agreements or changed profitability are recognised in the operating result as part of other operating expenses.

The costs of attributable the earn-out obligations are recognised in the finance income and expenses as part of the other financial expenses.

2.3.3 Intangible fixed assets related to customers

The intangible fixed assets related to customers pertain to the intangible fixed assets of acquisitions identified in accordance with IFRS 3 'Business Combinations' and include customer and contract portfolios, and are valued at fair value at the time of acquisition. The fair value at the time of acquisition is the cost price at that time. The cost of the identifiable intangible fixed assets related to customers is amortised based on the useful life of each individual component.

2.3.4 Intellectual property rights related to developed products

These intangible fixed assets pertain to products developed in-house and the distribution rights connected thereto. Development costs are capitalised based on the costs incurred to acquire and prepare the software for use. Internally developed software is capitalised to the extent that the cost price results from a project's development and testing phase and if it can be demonstrated that:

- the project is technically feasible so that it will be suitable for use;
- completing the project and using the software are intended;
- the software will generate demonstrable economic benefits in the future;
- technical, financial and other resources are available to complete and use the software;
- it is possible to reliably determine the expenditure that can be attributed to the software developed.

The costs of company staff related directly to the products developed are capitalised at direct cost. The costs of any services rendered by third parties in connection with the products developed are capitalised at cost. The products developed are amortised from the date that they are taken into use.

2.3.5 Intangible fixed assets for own use, produced in-house

Development costs of intangible fixed assets for own use, produced in-house, are only capitalised when it is probable that any economic benefits arising from the investment will be generated for a period longer than one year. The costs of company staff related directly to such intangible fixed assets developed in-house are capitalised at direct cost. The costs of any services rendered by third parties in connection with such intangible fixed assets, produced in-house, are

capitalised at cost. If material, interest charges are also a component of the capitalised costs. Such intangible fixed assets produced in-house are amortised from the date that they are taken into use.

2.3.6 Expenditure after initial investment

Expenditure on capitalised intangible fixed assets after initial investment is only capitalised when this expenditure results in increasing the future economic benefits arising from the investment. All other expenses are recognised as charges in the profit and loss account.

2.3.7 Amortisation of intangible fixed assets

Amortisation charges are charged to the profit and loss account in accordance with the straight-line method based on the useful life of an intangible asset. Goodwill is assessed annually on the balance sheet date for impairments. Other intangible fixed assets are amortised from the date that they are taken into use. The useful life of the intangible fixed asset, based upon which the amortisation, is determined is as follows.

- Customer bases 7 years
- Intangible fixed assets related to developed products 6 years
- Intangible fixed assets produced in-house 5 years

The amortisation periods are evaluated annually and adjusted when necessary.

2.4 Leases

2.4.1 Rights of use

A right of use is recognised at the moment when the lease is entered into and the relevant asset is available for use. The right of use is stated at cost less cumulative depreciation and impairments, and corrected for adjustments resulting from the revaluation of the lease obligation. The book value of the right of use includes the amount of the lease obligation recognised, initial direct costs associated with the lease, and lease payments which were made prior to or at the moment when the lease was entered into, less possible lease incentives. Rights of use are depreciated on a straight-line basis over the useful life of the asset or the lease term if the latter is shorter, to the extent that there is no reasonable certainty that Ctac will become the owner of the leased asset at the end of the lease term. The lease contracts entered into by Ctac do not contain any purchase options that are quite probable to be exercised. Rights of use are assessed for impairment.

2.4.2 Lease obligations

The lease obligation is initially valued based on the present value of the future lease payments during the term of the contract. The non-lease components are excluded from the calculation of the lease obligation. Lease obligations are presented separately on the balance sheet.

If the implicit interest cannot be established, an incremental interest rate at the start date of the contract is used to calculate the present value. This is the interest rate at which the amount needed to obtain an asset of an identical value as the asset corresponding to a right of use could have been borrowed for the same duration and with the same security in a similar economic environment. After commencement of the lease, the lease obligation is increased with interest and reduced by the lease instalments paid. In addition, the lease obligation is adjusted if there has been a change or amendment to the contract, the term, or the lease payments. Interest relating to the increase in the lease obligation is charged to the result under finance expenses.

2.4.3 Significant estimates and assumptions when assessing renewal options

Renewal options are included in Ctac's leases. A renewal option is taken into account in the valuation insofar as it is reasonably certain that the renewal option will be used. So far, renewal options have not been taken into account to determine the present value. Ctac will periodically reassess whether renewal options are being used. The Dutch lease contract includes a five-year extension option.

2.5 Tangible fixed assets

2.5.1 Tangible fixed assets owned by the company

Tangible fixed assets are stated at cost less cumulative depreciation and impairments. The cost includes the additional costs that are directly attributable to the acquisition or production of the asset. Costs incurred after the asset is initially recognised in the financial statements are included in the book value of the asset or are recognised as a separate asset when it is probable that the future economic benefits generated by the asset will accrue to Ctac and the costs of the asset can be determined in a reliable manner. Maintenance costs are recognised in the profit and loss account in the period in which they are incurred.

Book losses and gains upon divestment of tangible fixed assets are recognised in the profit and loss account.

2.5.2 Depreciation of tangible fixed assets

The tangible fixed assets are recognised at acquisition price minus depreciation, calculated on a straight-line basis, based on the expected useful life. The annual depreciation rates are as follows for:

- structural modifications to leased buildings 10%
- computer equipment and software 10% - 50%
- fixtures and fittings 10% - 25%

Renovations are depreciated over the remaining term of the lease agreements of the buildings in question or the service life if this is shorter. The residual value, which is often set at zero, and the useful life of the tangible fixed assets, are assessed each year on the balance sheet date and adjusted if necessary.

2.6 Financial instruments

2.6.1 Financial instruments other than derived financial instruments

The financial instruments other than derived financial instruments include:

- financial fixed assets (section 12);
- trade receivables and other receivables (section 14);
- liquid assets and short-term amounts owed to banks (section 15);
- other long-term liabilities (section 17);
- trade payables and other debts (section 19).

On initial recognition, financial instruments other than derived financial instruments are recognised at fair value. After initial recognition, financial instruments other than derived financial instruments are valued at amortised cost price less impairments.

Whilst applying IFRS 9 'Financial Instruments', a provision is made for the expected credit loss on trade receivables, revenue yet to be invoiced, and contract assets, based on the expected settlement periods of these assets. This provision is based on historical credit losses on trade receivables, revenue still to be invoiced, and contract assets adjusted for economic developments and future expectations relevant to the receivables in question. The addition to the provision is recognised under other operating expenses in the profit and loss account.

The other current receivables relate to amounts still to be invoiced in respect of contracts based on retrospective costing, contract assets, other receivables and prepayments and accrued income. Contract assets are the right to compensation in exchange for goods or services transferred to the customer. If this right to compensation arises before the customer pays it or before the payment is due, a contract asset will be

recognised. The contract assets are recognised under other short-term assets to the extent that these contract assets exceed the contractual obligations for these projects. A contractual obligation is the obligation to transfer goods or services to a customer to the extent that Ctac has received compensation from the customer. Contractual obligations are recognised as revenue when Ctac meets its contractual performance obligation.

If the contractual obligations for current projects exceed the contract assets, the balance relating to these projects is recognised under other current liabilities. In this context, reference is also made to the accounting principles for recognising revenue (see accounting principle 2.12).

The cash and cash equivalents relate to cash in hand and cash balances at banks and are stated at fair value. The amounts listed under the credit facility in the current account are recognised under current liabilities.

2.6.2 Derived financial instruments (derivatives)

Ctac does not have any derived financial instruments.

2.7 Impairments of non-financial assets

An intangible asset with an indefinite useful life, as well as an intangible asset that is not yet ready for use, is not amortised but assessed annually for impairment. Assets with a specified useful life are amortised and assessed for impairment each time when there is an indication that the book value differs from the realisable value. An impairment is determined at the amount that the book value exceeds the realisable value.

2.7.1 Calculation of the realisable value

The realisable value of an asset or cash-flow generating unit is the highest amount of the fair value less disposal costs and the value in use. The fair value is the realisable value resulting from the sale of a cash-flow generating unit to a third party (in an 'at arm's length transaction'). The value in use is the present value of the expected cash flows from an asset or cash-flow generating unit. When determining the value in use, the present value of the estimated future cash flows is calculated using a discount rate before tax that reflects both the current market estimates of the time value of money and the specific risk relating to the asset. For an asset that does not generate cash flows which can be determined individually, the economic value is determined for the cash-flow generating unit to which the asset belongs.

2.7.2 Reversal of impairments

An impairment relating to goodwill is never reversed. An impairment relating to other assets is reversed in the event that the estimates, on the basis of which the realisable value was determined, have changed. An impairment is only reversed insofar as the book value of the asset after the reversal does not become higher than the book value which, after the deduction of depreciation or amortisation, would have been determined at that time if no impairment had been recognised. Each year it is assessed whether there are indications that an impairment that was recognised in earlier periods for an asset, with the exception of goodwill, no longer exists or has possibly decreased. If such an indication exists, the realisable value of the relevant asset is determined again and the impairment is adjusted insofar as the assessment gives cause for adjustment.

2.8 Shareholders' equity

2.8.1 Paid-up and called-up capital

The authorised share capital amounts to EUR 7,200,000 and is divided into 30,000,000 shares of EUR 0.24 as follows: 14,999,999 ordinary shares, 15,000,000 preference shares and 1 priority share. At year-end 2019, the issued share capital consisted of 12,931,401 ordinary shares and 1 priority share. All issued shares are fully paid up.

Changes in the volumes of outstanding shares are as follows:

| | 2019 | | 2018 | |
|-------------------------------------------------|------------|----------|------------|----------|
| | Ordinary | Priority | Ordinary | Priority |
| Balance as at 1 January | 12,807,082 | 1 | 12,655,648 | 1 |
| Repurchases of shares during the financial year | - | - | - | - |
| Sale/issue of shares during the financial year | 124,319 | - | 151,434 | - |
| Balance as at 31 December | 12,931,401 | 1 | 12,807,082 | 1 |

In 2019, 124,319 shares (2018: 151,434 shares) were issued as a result of the choice to pay a stock dividend.

No changes have taken place with regard to the priority shares. Special controlling rights are attached to the priority share held by the Ctac Priority Foundation regarding the appointment, suspension, or dismissal of board members, share issues, pre-emptive rights, amendments of the articles of association, and the dissolution of the company.

2.8.2 Repurchase of own shares

When Ctac N.V. repurchases its own shares (so-called Treasury Shares), the amount of the compensation for this repurchase, including any directly attributable costs (less taxes) is charged to the other reserves until the time that the shares in question are cancelled, reissued or sold. If repurchased own shares are sold or reissued, then the amount received, less directly attributable costs (less taxes), is recognised in favour of the other reserves.

As at 31 December 2019, no own shares were held by Ctac N.V. or by any of its subsidiaries.

2.8.3 Dividends

A dividend payment to the Ctac N.V. shareholders is recognised as a liability at the time that the General Meeting of Shareholders passes the resolution to that end.

2.8.4 Reserves required by law

In accordance with statutory obligations, a statutory reserve is established in the company financial statements for the amount of the capitalised costs of intangible fixed assets developed in house.

2.9 Long-term liabilities

2.9.1 Loans

On initial recognition in the financial statements, loans are valued at fair value plus transaction costs. After initial recognition, loans are valued at amortised cost price.

2.9.2 Obligation to purchase minority interests

Minority interests in consolidated subsidiaries, in respect of which a put option has been granted to the minority shareholders, are presented as a liability separately from shareholders' equity. This right on the part of minority shareholders to sell their interest constitutes an obligation for Ctac to buy the shares of minority shareholders. The obligation is valued at estimated fair value. The valuation methods that are used are in line with the underlying agreements. In particular, the development of the result is a determining factor in the valuation. All of the purchase obligations at year-end 2019 and in subsequent years must be settled in cash. When initially valuing the earn-out obligations, EUR 0.3 million in goodwill was recognised as an intangible fixed asset. A discount rate of 10% is taken into account in the calculation of the purchase obligation of minority interests. In addition, assumptions were made regarding revenue growth, profitability, etc. Differences from these assumptions can result in a different fair value. The effects of this depend on the extent of the difference and are recognised in the profit and loss account as valuation differences under other operating expenses. Changes in the purchase obligations arising from the accrual of interest are recognised in the profit and loss account under other financial expenses.

2.10 Provisions

A provision is included in the balance sheet if the following conditions are met:

- A legally enforceable or actual obligation of Ctac exists as a result of an event in the past;
- It is probable that the settlement of this obligation will result in an outflow of funds;
- A reliable estimate can be made of the outflow of funds which are deemed necessary for the settlement of the obligation.

An anniversary payments provision is made in connection with future anniversary payments. This provision is valued at the present value of the future payments in the context of the anniversary, with due consideration being provided to expected future employee revenue.

Regarding existing guarantee obligations at year-end, an 'other provision' is made for the amount of the estimated work following from these obligations. This provision is formed based on the cost price of the estimated work that still has to be carried out.

In the event of a loss-making project, a provision is also formed for this under Other provisions for the amount by which the expected benefits from the agreement for Ctac are lower than the unavoidable costs required in order to satisfy the obligations under the particular agreement.

2.11 Trade payables and other debts

On initial recognition in the financial statements, trade payables and other debts are valued at fair value plus transaction costs. After initial recognition, trade payables and other debts are valued at amortised cost price.

2.12 Revenue from contracts with customers

In accordance with the basic principle of IFRS 15 'Revenue from Contracts with customers', Ctac recognises revenues for goods or services it has provided for the amount expected to be received in exchange for those goods or services. The following five steps are taken for this.

2.12.1 Identifying the contract with a customer

Ctac enters into service agreements with its customers. The rights and obligations are laid down in these agreements. The arrangements of these agreements are laid down in agreements in which the performance of an order is arranged by Ctac as the contractor.

2.12.2 Identifying performance obligations in the contract

Ctac recognises the following main performance obligations or combinations thereof.

Management and hosting contracts

Services under management and hosting contracts are provided in accordance with the service levels laid down in the service level agreements (SLAs) and consist of various service elements, each of which consists of several service components. These elements are briefly described in the agreement including the selling prices associated with them. A detailed description will be included in the Service Catalogue attached to the agreement.

Secondment assignments

Secondment services concern the provision (deployment) of employees based on a previously agreed number of hours.

Project agreements

The service provision consists of the delivery of the project (or project elements) in accordance with the predefined criteria as set out in the project plan.

License sales

The service provision consists of the delivery of the perpetual right of use of software.

Maintenance contracts

The service provision consists of maintenance work according to predefined services. This usually concerns error detection and repair, non-specified adjustments due to external developments, such as changes in legislation and regulations, and other non-specified updates if available.

Hardware sales

The performance obligation relates to the delivery of the hardware ordered in accordance with the specifications as stated.

Combination contracts

License sales / Management and hosting contracts

If a software right of use is delivered in combination with management and hosting services, the buyer can use such goods or services on its own. The criterion of distinctness is complied with because the management and hosting activities do not significantly modify the software product, nor integrate it as one combined product/combined service with a high degree of mutual dependency.

License sales / Maintenance contracts

Maintenance contracts may be offered in combination with software contracts, but there is no combined purchase obligation. If offered in combination, the two contracts are considered to be separate performance obligations. Software usage rights can be used independently or maintenance can be purchased via another buyer. If a customer does not purchase any general maintenance services, this will not critically affect the functionality of the software.

License sales / Project agreements

The provision of services will usually comply with the condition of independence and distinctness because the services requested often do not concern any significant modifications ('customization') which would substantially change the functionality of the software bought.

Hardware sales / Project sales or Management and hosting assignments

Hardware sales are a category of performance obligations that can be used independently (hardware can be used for other purposes or in combination with other external, non-Ctac services) and which can be distinguished from other goods or services (hardware can be purchased through other buyers).

Project agreements / Management and hosting contracts

As regards our service provision that consists of delivering the project related to the on-boarding of the SaaS service of Ctac's own IP and our service provision for managing and hosting the SaaS service, the project cannot be distinguished from the management and hosting service provision. The services are interlinked in such a way that separate performance obligations cannot be taken to exist. The combination contract is accounted for as if it were a single performance obligation. The revenue is recognised for the term of the management and hosting contract.

2.12.3 Determining the transaction price & 2.12.4 Allocating the transaction price

The transaction price is the amount of money that Ctac expects to receive in exchange for delivering its product or service. This takes into account discounts, bonuses, or a price that depends on future events, such as refunds. Variable fees will only be part of the transaction price if it is highly probable that this revenue will not need to be reversed. Any financing elements are eliminated from the transaction price and are recognised as financial income/expense. The transaction prices for the various types of contract are determined as follows and allocated to the performance obligation.

Management and hosting contracts

The price for the services provided is established on the basis of fixed monthly amounts for the standard service components for ongoing service provision and a variable fee for optional or variable service components. If one-off services are performed (such as set-up, installation and taking over management), they will be recognised separately as revenue, i.e. there are fixed transaction prices that can be traced back to the performance obligation(s) identified.

This form of service is usually based on SLAs in which agreements have been made with regard to minimum product or service performance (for example with regard to uptime, response time, service outages or service interruptions). If these requirements are not complied with, there may be a mandatory discount during a specific service period. Such a discount clause is considered to be a variable, or conditional, price component, both for the purpose of the former IAS 18 'Revenue' and for IFRS 15 'Revenue from Contracts with Customers'.

Secondment assignments

Secondment for a certain period is agreed on the basis of a predetermined hourly or daily rate. There may be a framework contract which covers several secondment assignments and in which staggered discounts can be agreed. In this event, the final price cannot be established until the revenue for the period for which the staggered discount is calculated is known.

Project agreements

In most cases, the work is carried out on a subsequent costing basis at predetermined hourly rates which are determined within a predetermined bandwidth. The actual hours spent are invoiced every month. In some cases there can be fixed-price contracts. These are usually contracts of limited size with short lead times.

License sales

Prices of license agreements are based on standard margins, within certain bandwidths, based on the purchase prices from software suppliers.

Maintenance contracts

The price is a fixed fee based on a percentage of the gross licence value established in advance by the software supplier. The fee is recognised as revenue at regular intervals.

Hardware sales

In most cases, the price for the hardware to be delivered agreed will be inclusive of the fee for the work to be performed with regard to the hardware.

2.12.5 Recognition of revenue when the company complies with a performance obligation

Ctac recognises the revenue if the power to dispose of a product or service has been transferred to the customer. This can be either a transfer at one or more specific moments (e.g. when goods are delivered) or it can be ongoing transfer during the term of the contract, as is the case when providing services. Revenue is recognised during the term of the contract if one of the following conditions has been fulfilled:

1. the customer obtains and uses the benefits of the product or service during the term of the contract;
2. Ctac manufactures a good ('project in progress') for the account and at the risk of the customer;
3. Ctac manufactures a good on behalf of the customer which Ctac cannot use in an alternative manner and for which it is entitled to payment before the good's manufacture is completed.

Discounts are charged to the revenue at each reporting date unless it is highly probable that the discount will not be given to the customer. Depending on the form of discount as defined in the contract, the discount is determined on the basis of the revenue already recognised and the current estimate of the total revenue to be recognised.

Management and hosting contracts

Management and hosting contracts are regarded as service agreements where the service is provided during the pre-agreed contract period, or a series of distinguishable contract periods, such as monthly service periods. Revenue is therefore recognised during the contract period on the basis of the monthly price agreed plus the fee for the variable service provision based on a price for individual services or service elements as agreed in advance.

Secondment assignments

Revenue is recognised in the period in which variable service provision took place, i.e. the service provision for that month.

If staggered discounts apply, this staggered discount will be estimated based on the sales forecast. The estimated staggered discount will be deducted from the recognised secondment revenue every month.

Project agreements

If fixed price agreements apply, revenue will be recognised based on the POC ('percentage of completion'). The progress made in a period is the service transferred to the customer in that period. If a variable price agreement applies, revenue will be recognised based on the amounts invoiced (hours spent x hourly rate).

License sales

Ctac recognises the revenue at the time when the license key is handed over. This means that the right of use of the software is transferred at a fixed 'point in time'.

If the license is extended as a result of license measurements, such revenue will be recognised at the moment when it has been established that more licenses are being used. This moment will basically coincide with the moment of invoicing.

Maintenance contracts

Given the nature and content of the performance agreements, the recognition of revenue for this form of service provision is comparable to the service provision described under Management and hosting contracts.

Hardware sales

Ctac invoices hardware when it has been delivered, which is also the moment when the revenue is recognised. The revenue share attributable to work performed in respect of the hardware is also recognised at that time.

2.13 Expenses

2.13.1 Expenses relating to the purchase value of hardware, software and outsourced work

Expenses relating to the purchase value of hardware, software and outsourced work are recognised at historical cost in the period in which these expenses were incurred.

Costs incurred on contracts with customers that can be attributed to performance in future periods are capitalised as contract assets to the extent that these costs can be directly attributed to the contract with the customer, the costs generate or improve an asset for the future performance of the contract, and to the extent that these costs can be earned back in the contract.

These costs are then amortized as products and services are delivered in future periods.

2.13.2 Pension costs

Employees at Ctac build up their own pensions themselves and at their own risk (defined contribution pension scheme). Ctac pays fixed premiums to an insurance company and Ctac has no legal or actual obligation to pay additional premiums if the insurance company has insufficient means to pay current and future pensions. Ctac's pension contribution is recognised under personnel costs in the profit and loss account.

2.13.3 Finance income and expenses

Finance income includes the interest received on current account balances with financial institutions and interest received in connection with the settlement of financial claims. Finance expenses include interest charged by financial institutions on borrowed funds, interest paid in connection with the settlement of tax liabilities, and the accrued interest on earn-out obligations. Finance expenses also include the interest element of the lease obligations (see accounting principle 2.4 Leases).

The valuation differences concern the changes in fair value of the earn-out obligations and purchase obligations in respect of minority interests, which are a consequence of changes in estimates of growth, profitability, risk and other estimates. They are recognised under other operating expenses.

2.14 Income tax on the result

Income tax on the result of the financial year comprise taxes due and available for set-off and deferred taxes over the period under review. Tax on the result is recognised in the profit and loss account unless the tax relates to items recognised directly in shareholders' equity. In that case, the related taxes are also recognised directly in shareholders' equity.

The taxes due over the period under review and available for set-off consist of profit tax on the taxable result. This is calculated based on applicable tax rates, taking into account exempt profit components and non-deductible amounts as well as corrections to taxation in previous financial years.

Deferred taxes are calculated based on established tax rates and laws that are applicable, or which have already been materially decided upon on the balance sheet date, and that are expected to be applicable at the time that the deferred tax asset is realised or the deferred tax liability is paid.

Deferred tax assets in connection with any losses available for set-off against taxes are only capitalised to the extent that it is probable that the settlement can take place against profits to be achieved in the coming years. Deferred tax assets and liabilities with the same term and at the same tax entity are set-off against each other in the balance sheet provided that such setting off is permitted by law.

3. Accounting principles for the cash flow statement

The cash flow statement has been prepared using the indirect method. In the cash flow statement, a distinction is made between the cash flows from operational activities, investment activities, and finance activities. Income and expenditure relating to tax on profits and interest income and interest expenses are part of the net cash flow from operational activities. Cash flows resulting from the acquisition or disposal of financial interests (participations and investments) are included under the cash flow from investing activities, taking into account the presence of liquid assets within these interests. Paid dividends are included in the cash flow from financing activities. The balance of liquid assets is recorded in the cash flow statement including the amounts drawn from the current account as stated under the short-term liabilities.

4. Financial Risk Management

Ctac is confronted with various financial risks, such as market risks, credit risks and liquidity risks. The general risk management within Ctac, as supervised by the Board of Directors, covers a broader field than simply financial risks. More information is provided in the risk management section of the Report of the Board of Directors on page 18 of this annual report. The aim of risk management is to draw up an inventory of the most important risks and to effectively control these risks on the basis of regulations, procedures, systems, best practices, controls and audits. The financial risk management focuses in particular on the risks that are relevant for Ctac in this context.

4.1 Financial market risk

4.1.1 Interest rate risk

Ctac is exposed to interest rate risks that are exclusively limited to the Euro zone. To minimise these risks, the goal of the interest rate risk policy is to limit the interest rate risks related to the financing of the company. The

interest rate risk pertains to the company's long-term financing as well as its short-term financing. Except for the lease obligations pursuant to the application of IFRS 16 'Leases', Ctac did not have any long-term interest-bearing bank loans at year-end 2019, nor did it at year-end 2018.

Ctac has taken out the short-term interest-bearing bank loans at a variable base rate. The interest rate is one-month Euribor plus a spread with a minimum of 0.0% per year.

If during 2019, the interest rate on the long-term and short-term bank loans with a variable interest rate would have been 0.2% higher or lower, while other variables remained constant, this would not have had a material effect on the result after tax. The 0.2% rate used here is based on the volatility of interest rates during 2019.

4.1.2 Exchange rate risk

All companies within Ctac are located in the Eurozone. The large majority of revenue is generated within the Eurozone. Consequently, the euro is Ctac's reporting and functional currency. Ctac does not have any assets or liabilities outside of the Eurozone. The Board of Directors of Ctac considers the exchange rate risks to be very limited at year-end 2019.

4.2 Credit risk

Credit risk is the risk of financial loss for Ctac if a customer or counterparty of a financial instrument fails to comply with the contractual obligation entered into.

Credit risk management is centralised at Ctac. The credit risk arises from liquid assets and transactions with customers, including outstanding receivables. Ctac only accepts professional parties in the Netherlands as banks and financial institutions. Ctac's financing facility has been made available by the ABN AMRO Bank.

The creditworthiness of customers is determined in advance on the basis of project acceptance criteria. If available, external credit ratings are used for this purpose. If no external credit ratings are available, Ctac assesses the customer's creditworthiness on the basis of its financial position, past experiences, and other factors. Credit risks relating to customers are continually assessed. Ctac N.V.'s Board of Directors

is of the opinion that the credit risk relating to clients is limited, given the individual sizes and independent positions of the various customers. We have been doing business with many of our customers for several years and in the past there have only been some rare cases where customers were unable to meet their obligations. Customers are continually individually assessed for compliance with agreements concerning payment conditions. Please refer to note 14 for an explanation of the trade receivables.

4.3 Liquidity risk

Liquidity management is centralised at Ctac. To this end, use is made in the Netherlands of the centrally managed credit facilities at the ABN AMRO Bank which were agreed as follows in June 2016: a combined facility for a total amount of EUR 6.0 million, with a EUR 2.0 million increase up to EUR 8.0 million in the months of April through August. In Belgium, use is made of the joint credit facility with ING Bank of EUR 0.9 million. Receivables, fixtures and fittings, IP rights and shares have been pledged as collateral. The bank may lower or cancel this facility at any time.

The main covenants within the financing facility are constituted by a maximum leverage ratio (determined on the basis of the total net debt/EBITDAL). The maximum leverage ratio allowed is 2.5. In 2019, the ratio was 0.7 (2018: 0.7).

The average amount drawn on the credit facility in 2019 was nil.

The aim of the liquidity management is to make the most optimal use of the available liquid assets and credit facilities within Ctac. To this end, liquidity forecasts are drawn up periodically for both the short term and the medium term. These forecasts are adjusted periodically based on realisation and any adjusted projections.

The following summary shows an analysis of the financial liabilities broken down by relevant contractual due dates, based on the remaining periods from the balance sheet date to the contractual due dates. The amounts concern the unconditional, contractual cash flows which have not already been taken into account. Where applicable, future interest payments are included in the cash flows stated.

| (in EUR x 1,000) | 2019 | | | |
|--------------------------------|----------------------|----------|-----------------------|-----------|
| | Financial obligation | < 1 year | between 1 and 2 years | > 2 years |
| Amounts owed to banks | 400 | 400 | - | - |
| Lease payments | 6,685 | 3,302 | 2,492 | 891 |
| Trade payables and other debts | 18,315 | 18,315 | - | - |

| (in EUR x 1,000) | 2018 | | | |
|--------------------------------|----------------------|----------|-----------------------|-----------|
| | Financial obligation | < 1 year | between 1 and 2 years | > 2 years |
| Amounts owed to banks | 656 | 656 | - | - |
| Lease payments | - | - | - | - |
| Trade payables and other debts | 19,061 | 19,061 | - | - |

4.4 Capital risk management

The management of capital is centralised at Ctac and is aimed at, on the one hand, ensuring the continuity of Ctac and, on the other, optimising the capital structure. Instruments to achieve an optimal capital structure include the dividend policy, the possibility of repurchasing own shares, and the possibility of issuing shares, in particular, in connection with the financing of possible acquisitions or the reduction of debt positions. Solvency at year-end 2019 was approx. 42.7% (year-end 2018, before IFRS 16 was applied: approx. 47.3%). Impairment, if any, of goodwill has a major effect on solvency. Solvency, excluding goodwill, was approx. 17.7% at year-end 2019 (year-end 2018, before IFRS 16 was applied: approx. 19.6%).

4.5 Project risk

Ctac has various different forms of contracts with customers. The financial risks are controlled by careful wording of the scope, frequent reporting to a Project Board, and implementation by experienced project management.

5. Key estimates and assumptions

An explanation is given below of the key estimates and assumptions that influence the valuation of assets and liabilities for the coming year.

5.1 Estimates with regard to impairment of goodwill

As regards the groups of cash-generating units, Ctac carries out at least one assessment a year to identify whether there has been an impairment of the goodwill allocated to the relevant cash-generating units or groups of cash-generating units (see accounting principle 2.7). There has been an impairment if the carrying amount exceeds the realisable amount. These calculations involve the use of estimates and assumptions. The realisable value is the estimated

immediate market value or the value in use if this is higher. Please see explanatory note 8.2 for a detailed explanation of the impairment tests carried out.

5.2 Estimates of revenue from contracts with customers

Ctac recognises revenue in its accounts at the amount expected to be received in exchange for the goods and services provided (see principle 2.12). Where contracts with a fixed contract price are concerned, Ctac estimates the services performed up to the reporting moment as a percentage of the total services to be performed. This estimate is based on the periodically available information regarding the status of the projects concerned, as well as on the basis of past experience in comparable situations. The actual situation may differ from these estimates.

5.3 Estimates regarding loss-making contracts

A provision for loss-making contract is formed for an amount equal to the amount by which the costs that Ctac cannot avoid incurring in order to comply with its obligations under the agreement in question exceed the expected benefits to be obtained by Ctac. The actual situation may differ from these estimates.

5.4 Estimates regarding development costs

Ctac periodically assesses whether the costs incurred for developed products are eligible for capitalisation (see accounting principle 2.3.4). In addition, future economic benefits are assessed by drawing up cash flow forecasts. For this purpose, the expected economic benefits that can be attributed to the products developed are assessed based on assumptions. Assumptions are based on historical, realised results and approved budgets. The actual situation may differ from these estimates.

6. Revenue from contracts with customers

6.1 Revenue from contracts with customers

The following explanation is given with regard to the recognised revenue from contracts with customers.

| Nature of the goods or services (in EUR x 1,000) | 2019 | 2018 |
|-----------------------------------------------------|---------------|---------------|
| License and hardware sales | 1,933 | 3,683 |
| Management and hosting contracts | 33,699 | 31,219 |
| Secondment assignments and project agreements | 38,656 | 39,688 |
| Maintenance contracts | 7,494 | 8,408 |
| Total revenue from contracts with customers | 81,782 | 82,998 |

| Timing of recognition of revenue (in EUR x 1,000) | 2019 | 2018 |
|------------------------------------------------------|---------------|---------------|
| Goods transferred 'at point of time' | 1,933 | 3,683 |
| Services provided 'over time' | 79,849 | 79,315 |
| Total revenue from contracts with customers | 81,782 | 82,998 |

6.2 Balance sheet positions from contracts with customers

The balance sheet positions related to contracts with customers are as follows.

| Balance sheet position regarding contracts with customers (in EUR x 1,000) | 31 December 2019 | 31 December 2018 |
|-----------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Trade receivables | 10,886 | 13,541 |
| Revenue still to be invoiced with regard to contracts based on subsequent costing and fixed monthly instalments | 5,109 | 4,953 |
| Contract assets | 172 | 392 |
| Contractual obligations | (2,254) | (1,530) |

Trade receivables are non-interest-earning and have payment terms varying between 30 and 90 days. Invoicing takes place immediately after the good or service has been delivered, based on the contractual agreements with the customer, generally observing a period of one calendar month. Deviating invoicing agreements may apply to the invoicing of projects.

Revenue still to be invoiced in respect of contracts based on subsequent costing or fixed monthly instalments relates to services or products already delivered which are invoiced to customers in the short term, after which they are recognised as trade receivables.

Contract assets relate to recognised revenue that is invoiced to customers based on contractually agreed conditions and terms, after which it is recognised under trade receivables.

A provision for credit losses expected for trade receivables, revenue still to be invoiced and contract assets of approx. EUR 0.2 million was recognised at year-end 2019 (year-end 2018: approx. EUR 1.9 million).

The contractual obligations relate to amounts already invoiced to customers where the services in question still need to be provided. This revenue is recognised at the moment when the performance obligation has been complied with.

Approx. EUR 0.5 million of the contractual obligations by year-end 2019 will lead to revenue in the years after 2020. The contractual obligations that were recognised by year-end 2018 lead to EUR 1.0 million in revenue in 2019.

| Expiry of contractual obligations (in EUR x 1,000,000) | Within 1 year | Within 1-2 years | After 2 years |
|-----------------------------------------------------------|---------------|------------------|---------------|
| Contractual obligations year-end 2018 | 1.0 | 0.1 | 0.4 |
| Contractual obligations year-end 2019 | 1.8 | 0.1 | 0.4 |

6.3 Performance obligations

IT services

The performance obligation is fulfilled over time. The payment term generally varies between 30 and 90 days from the invoice date. The contracts for the provision of IT services do not contain any material financing component. If discounts or volume discounts apply, these will be settled with customers based on what has been contractually agreed. Commitments with respect to volume or other discounts are reviewed on monthly basis and the revenue recognised may be adjusted accordingly.

Hardware and software sales

The performance obligation is fulfilled at the moment when the hardware and/or software is delivered. The payment term generally varies between 30 and 90 days from the invoice date. The contracts for the sale and delivery of hardware and/or software do not contain any material financing component. Sales of hardware and/or software do not usually involve any options for refunds.

7. Information by segment

The management of Ctac directs the company on the basis of two geographic segments, i.e. 'the Netherlands' and 'Belgium', and one segment referred to as 'Other' which consists of France and the other activities, including the holding company.

There are no valuation differences between the management information with regard to the segments and the information in the financial statements. The prices and conditions for the transactions between the segments are determined at arm's length.

The segmented results over the year 2019 can be specified as follows:

| 2019 Results | | | | | |
|---------------------------------------|------------------------|----------------|---------------------------------|-----------------------------------|---------------------|
| (in EUR x 1,000) | | | | | |
| | The Netherlands | Belgium | Other (including France) | Inter-segment-eliminations | Consolidated |
| Revenue from contracts with customers | 71,052 | 15,516 | 594 | (5,380) | 81,782 |
| Operating result | 4,634 | 106 | (2,679) | - | 2,061 |
| Finance income | - | - | 100 | (100) | - |
| Finance expenses | (162) | (63) | (112) | 100 | (237) |
| Result before tax | 4,472 | 43 | (2,691) | - | 1,824 |
| Income tax | (915) | (123) | 476 | - | (562) |
| Net result | 3,557 | (80) | (2,215) | - | 1,262 |

Notes to exceptional items by segment

The redundancy and associated costs for the former CFO of EUR 0.9 million were recognised in the Other segment for 2019. The claim for damages paid and the associated costs related to the legal settlement of the client dispute amounting to EUR 1.3 million were included in the Netherlands.

2018 Results

(in EUR x 1,000)

| | The Netherlands | Belgium | Other (including France) | Inter-segment-eliminations | Consolidated |
|---------------------------------------|------------------------|----------------|---------------------------------|-----------------------------------|---------------------|
| Revenue from contracts with customers | 72,662 | 15,319 | 822 | (5,805) | 82,998 |
| Operating result | 3,531 | (620) | (499)* | - | 2,412 |
| Finance income | - | - | 100 | (99) | 1 |
| Finance expenses | (63) | (39) | (40) | 99 | (113) |
| Result before tax | 3,468 | (659) | (509) | - | 2,300 |
| Income tax | (716) | 109 | 22 | - | 585 |
| Net result | 2,752 | (550) | (487) | - | 1,715 |

* Including EUR (170,000) in operating result Other

Notes to exceptional items by segment

In 2018, pursuant to a legal dispute, a correction of EUR 1.5 million was made in the Netherlands, relating to services provided under a disputed contract.

The assets and liabilities per segment by year-end 2019 can be specified as follows.

Assets and liabilities year-end 2019

(in EUR x 1,000)

| | The Netherlands | Belgium | Other (including France) | Eliminations | Consolidated |
|-------------------|------------------------|----------------|---------------------------------|---------------------|---------------------|
| Total assets | 55,576 | 4,779 | 53,698 | (68,683) | 45,370 |
| Total liabilities | 17,009 | 7,208 | 37,446 | (35,750) | 25,913 |

The assets and liabilities per segment by year-end 2018 can be specified as follows.

Assets and liabilities year-end 2018

(in EUR x 1,000)

| | The Netherlands | Belgium | Other (including France) | Eliminations | Consolidated |
|-------------------|------------------------|----------------|---------------------------------|---------------------|---------------------|
| Total assets | 50,338 | 8,995 | 83,905 | (102,825) | 40,413 |
| Total liabilities | 15,246 | 8,945 | 36,280 | (39,173) | 21,298 |

The other segmented information regarding the profit and loss account of 2019 is as follows:

| Depreciation and amortisation 2019 | | | | |
|-------------------------------------------|-----------------|------------|--------------------------|--------------|
| (in EUR x 1,000) | | | | |
| | The Netherlands | Belgium | Other (including France) | Consolidated |
| Intangible fixed assets | 518 | - | 218 | 736 |
| Rights of use | 2,693 | 443 | 993 | 4,129 |
| Tangible fixed assets | 221 | - | 378 | 599 |
| Total amortisation | 3,432 | 443 | 1,589 | 5,464 |

Investments in 2019

(in EUR x 1,000)

| | The Netherlands | Belgium | Other (including France) | Consolidated |
|------------------------------|-----------------|------------|--------------------------|--------------|
| Intangible fixed assets | 722 | - | 7 | 729 |
| Rights of use | 2,205 | 168 | 46 | 2,419 |
| Tangible fixed assets | 281 | 12 | 207 | 500 |
| Tangible fixed assets | 3,208 | 180 | 260 | 3,648 |

The other segmented information regarding the profit and loss account of 2018 is as follows:

Depreciation and amortisation 2018

(in EUR x 1,000)

| | The Netherlands | Belgium | Other (including France) | Consolidated |
|---------------------------|-----------------|-----------|--------------------------|--------------|
| Intangible fixed assets | 74 | - | 211 | 285 |
| Tangible fixed assets | 300 | 25 | 380 | 705 |
| Total amortisation | 374 | 25 | 591 | 990 |

Investments in 2018

(in EUR x 1,000)

| | The Netherlands | Belgium | Other (including France) | Consolidated |
|------------------------------|-----------------|----------|--------------------------|--------------|
| Intangible fixed assets | 1,753 | - | 53 | 1,806 |
| Tangible fixed assets | 129 | 1 | 189 | 319 |
| Tangible fixed assets | 1,882 | 1 | 242 | 2,125 |

8. Intangible fixed assets

The following statement provides an overview of the changes in the assets recognised in this balance sheet item.

(in EUR x 1,000)

| | Goodwill | | Intangible fixed assets related to customers and orders | | Intangible fixed assets related to developed products | | Intangible fixed assets produced in-house | | Total | |
|-------------------------------------|---------------|---------------|---------------------------------------------------------|----------|-------------------------------------------------------|--------------|-------------------------------------------|------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Total acquisition value | 26,198 | 26,198 | - | 2,086 | 4,795 | 3,042 | 1,100 | 1,048 | 32,093 | 32,374 |
| Total depreciation and impairments | (12,313) | (12,313) | - | (2,086) | (1,635) | (1,564) | (576) | (363) | (14,524) | (16,326) |
| Book value as at 1 January | 13,885 | 13,885 | - | - | 3,160 | 1,478 | 524 | 685 | 17,569 | 16,048 |
| Produced in-house | - | - | - | - | 722 | 1,753 | - | - | 722 | 1,753 |
| Investments | - | - | - | - | - | - | 7 | 53 | 7 | 53 |
| Divestments | - | - | - | - | - | - | - | - | - | - |
| Depreciation and amortisation | - | - | - | - | (515) | (71) | (220) | (214) | (735) | (285) |
| Book value as at 31 December | 13,885 | 13,885 | - | - | 3,367 | 3,160 | 311 | 524 | 17,563 | 17,569 |
| Total acquisition value | 26,198 | 26,198 | - | - | 5,517 | 4,795 | 1,107 | 1,100 | 32,822 | 32,093 |
| Total depreciation and impairments | (12,313) | (12,313) | - | - | (2,150) | (1,635) | (796) | (576) | (15,259) | (14,524) |
| Book value as at 31 December | 13,885 | 13,885 | - | - | 3,367 | 3,160 | 311 | 524 | 17,563 | 17,569 |

8.1 Impairments and reversals of impairments

In 2019, as in 2018, Ctac did not recognise any goodwill impairment or reverse any impairments recognised in earlier years.

8.2 Impairment test for cash-flow generating units (CGUs) to which goodwill can be attributed

The realisable value is the estimated immediate market value or the value in use if this is higher. When determining the value in use of an asset, the present value of the estimated future cash flows is calculated using a discount rate that reflects both the current market estimates of the time value of money and the specific risks relating to the asset.

The future cash flows are estimated on the basis of the 'value in use' method in accordance with IAS 36 ('Impairment of Assets'), using current and historical results per asset. A detailed forecast is prepared per CGU for the coming year based on the 2020 budgets, and, for the following years, forecasts are prepared based on assumptions for revenue growth and margin development. Cash flows after a period of five years are extrapolated with low growth percentages varying from 1% to 2%. The assumptions used are acceptable in the sector in which Ctac is active.

Ctac recognises two cash-generating units (CGU) to which goodwill can be allocated: the CGU 'Ctac Nederland' and the CGU 'Overig' for the other Dutch activities.

An impairment test has been carried out for the CGU Ctac Nederland and for the CGU Overig, making the following assumptions. The WACC before tax for Ctac Nederland and for Overig is 13.9% (2018: 14.8%). Similar to 2018, calculations based on these assumptions do not result in an impairment for any CGU.

A sensitivity analysis in which the WACC is increased by 3% and the expected EBITDA is lowered by 10% does not result in an impairment either.

The allocation of goodwill to the CGUs did not change in 2019. In 2019, an amount of goodwill of EUR 13.6 million was allocated to the Ctac Nederland CGU, and EUR 0.3 million to the 'Overig' CGU.

8.3 Investments in and valuation of intangible fixed assets related to products that have been developed

The investment in intangible fixed assets related to products that have been developed concerns the development costs of the Fit4Woco and Fit4RealEstate applications and a new release of the XV Retail cash desk software. The Fit4Woco and Fit4RealEstate applications were implemented with the first customers during the financial year under review. An assessment was carried out during the financial year into how future cash flows for both products (value in use of the asset) would relate to the book value of the asset. The timing when existing customers reach the end of life stage of the current software and the probability of new customers being acquired, partly based on specifically identified recruitment actions, were taken into account to estimate the cash flows. This did not lead to a trigger for impairment being identified.

8.4 Investments in and valuation of intangible fixed assets produced in-house

The investment in intangible fixed assets produced in-house concerns the optimisation of the ERP system that was put into use on 1 January 2016.

9. Leases

Rights of use relate to lease contracts. The application of IFRS 16 'Leases', which became mandatory on 1 January 2019, has resulted in a right of use and a lease obligation being recognised on the balance sheet. The right of use is amortised for the term of the underlying contracts or the lifetime of the underlying asset (if shorter).

The changes in the rights of use are as follows:

| | (in EUR x 1,000) | | | | | | | |
|-------------------------------------------------------------|------------------|----------|--------------|----------|-----------------|----------|--------------|----------|
| | Buildings | | Lease cars | | Other equipment | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Book value as at 31 December of the previous financial year | - | - | - | - | - | - | - | - |
| First-time application of IFRS 16 Leases | 3,072 | - | 2,860 | - | 2,072 | - | 8,004 | - |
| Book value as at 1 January | 3,072 | - | 2,860 | - | 2,072 | - | 8,004 | - |
| Investments/new contracts | - | - | 1,644 | - | 775 | - | 2,419 | - |
| Interim contract adjustments | (17) | - | (92) | - | 47 | - | (62) | - |
| Depreciation and amortisation | (993) | - | (1,565) | - | (1,571) | - | (4,129) | - |
| Book value as at 31 December | 2,062 | - | 2,847 | - | 1,323 | - | 6,232 | - |

Changes in lease obligations can be specified as follows:

| | 2019 | 2018 |
|-------------------------------------------------------------|--------------|----------|
| (in EUR x 1,000) | | |
| Book value as at 31 December of the previous financial year | - | - |
| First-time application of IFRS 16 Leases | 8,302 | - |
| Balance as at 1 January | 8,302 | - |
| Investments/new contracts | 2,419 | - |
| Interim contract adjustments | (62) | - |
| Interest charges | 197 | - |
| Lease payments (including interest component) | (4,384) | - |
| Book value as at 31 December | 6,472 | - |
| Lease obligations - long-term | 3,433 | - |
| Lease obligations - short-term | 3,039 | - |
| | 6,472 | - |

The following amounts have been charged to the result in connection with leases.

| | 2019 | 2018 |
|-------------------------------------------------------|----------------|----------|
| (in EUR x 1,000) | | |
| Amortisation of rights of use | (4,129) | - |
| Interest charges in connection with lease obligations | (197) | - |
| | (4,326) | - |

10. Tangible fixed assets

The following statement provides an overview of the changes in the assets recognised in this balance sheet item.

| | Building Adjustments Leased Buildings | | Computers | | Fixtures and Fittings | | Assets on order | | Total | |
|-------------------------------------|---------------------------------------|------------|------------|------------|-----------------------|------------|-----------------|----------|--------------|--------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | (in EUR x 1,000) | | | | | | | | | |
| Total acquisition value | 1,379 | 1,362 | 4,495 | 4,469 | 595 | 573 | - | - | 6,469 | 6,404 |
| Total amortisation | (863) | (727) | (3,733) | (3,487) | (499) | (430) | - | - | (5,095) | (4,644) |
| Book value as at 1 January | 516 | 635 | 762 | 982 | 96 | 143 | - | - | 1,374 | 1,760 |
| Investments | 9 | 17 | 352 | 280 | 29 | 22 | 110 | - | 500 | 319 |
| Divestments | - | - | - | - | - | - | - | - | - | - |
| Depreciation and amortisation | (138) | (136) | (414) | (500) | (47) | (69) | - | - | (599) | (705) |
| Book value as at 31 December | 387 | 516 | 700 | 762 | 78 | 96 | 110 | - | 1,275 | 1,374 |
| Total acquisition value | 1,388 | 1,379 | 4,847 | 4,495 | 624 | 595 | 110 | - | 6,969 | 6,469 |
| Total amortisation | (1,001) | (863) | (4,147) | (3,733) | (546) | (499) | - | - | (5,694) | (5,095) |
| Book value as at 31 December | 387 | 516 | 700 | 762 | 78 | 96 | 110 | - | 1,275 | 1,374 |

10.1 Investments and divestments

The investments in computers during 2019 mainly concern investments in laptops, servers and storage capacity.

10.2 Impairments and reversals of impairments

Ctac did not recognise any impairment of tangible fixed assets in 2019. Furthermore, no impairments recognised in earlier years were reversed in 2019.

11. Deferred taxes

Deferred taxes can be specified as follows:

| | 2019 | 2018 |
|-----------------------------|--------------|--------------|
| (in EUR x 1,000) | | |
| Deferred tax assets | 1,181 | 1,234 |
| Deferred tax liabilities | 53 | 114 |
| Total deferred taxes | 1,128 | 1,120 |

Changes in deferred tax assets can be specified as follows:

| | 2019 | 2018 |
|------------------------------------------------------|--------------|--------------|
| (in EUR x 1,000) | | |
| Balance as at 1 January | | |
| Recognised rights to compensate losses | 1,172 | 1,016 |
| Unrealised IC results | 62 | 131 |
| Impact of first-time application of IFRS 16 Leases | 70 | - |
| Total deferred tax assets | 1,304 | 1,147 |
| Recognised in the profit and loss account | | |
| In respect of recognised rights to compensate losses | (77) | 156 |
| In respect of unrealised IC results | (30) | (69) |
| In respect of the discounting of lease obligations | (16) | - |
| Balance as at 31 December | | |
| Recognised rights to compensate losses | 1,095 | 1,172 |
| Unrealised IC results | 32 | 62 |
| Discounting of lease obligation | 54 | - |
| Total deferred tax assets | 1,181 | 1,234 |

The rights to compensate losses against taxable profits are recognised when it is expected that the losses available for set-off against tax will be set off (total year-end 2019 approx.: EUR 5.0 million, year-end 2018 approx.: EUR 4.9 million). The amount is recognised at the nominal rate as applicable to future financial years, without taking any discounting into account.

Changes in deferred tax liabilities can be specified as follows:

| | 2019 | 2018 |
|--------------------------------------------------|------------|------------|
| (in EUR x 1,000) | | |
| Balance as at 1 January | | |
| Intangible fixed assets | 95 | 156 |
| Discounting of earn-out obligation | 19 | 46 |
| Total deferred tax liabilities | 114 | 202 |
| Recognised in the profit and loss account | | |
| In respect of intangible fixed assets | (48) | (61) |
| In respect of discounting of earn-out obligation | (13) | (27) |
| Balance as at 31 December | | |
| Intangible fixed assets | 47 | 95 |
| Discounting of earn-out obligation | 6 | 19 |
| Total deferred tax liabilities | 53 | 114 |

The deferred tax liability for intangible fixed assets relates to the costs of intangible assets produced in-house that have been charged directly to the result for tax purposes.

12. Other receivables

Other receivables can be specified as follows:

| | 2019 | 2018 |
|----------------------------------|------------|-----------|
| (in EUR x 1,000) | | |
| Balance as at 1 January | 70 | 70 |
| Deposit payment | 136 | - |
| Balance as at 31 December | 206 | 70 |

With effect from 2016, Ctac has borne the risk under the Dutch Partially Disabled Workers Act (WGA) all by itself. The mandatory warranty to the Dutch Tax and Customs Administration that a financial institution will take over this obligation should Ctac no longer be able to comply with it has been reinsured. A deposit of EUR 206,000 was paid for this. This contract will be effective until 2022.

13. Financial instruments per category

The valuation principles for financial instruments were applied to the following balance sheet items.

| | Amortised cost price | Fair value through profit or loss | Fair value through capital | Derivatives | Total |
|-------------------------------------------------|----------------------|-----------------------------------|----------------------------|-------------|--------|
| (in EUR x 1,000) | | | | | |
| Balance as at 31 December 2019 | | | | | |
| Trade receivables and other short-term assets | 17,049 | - | - | - | 17,049 |
| Trade payables and other short-term liabilities | 18,413 | - | - | - | 18,413 |
| Balance as at 31 December 2018 | | | | | |
| Trade receivables and other short-term assets | 19,580 | - | - | - | 19,580 |
| Trade payables and other short-term liabilities | 19,167 | - | - | - | 19,167 |

14. Trade receivables and other receivables

Trade receivables and other receivables can be specified as follows:

| | 2019 | 2018 |
|-----------------------------------------------------------------------------------------------------------------|---------------|---------------|
| (in EUR x 1,000) | | |
| Trade receivables | 11,130 | 15,410 |
| Provision for doubtful debts | (244) | (1,869) |
| Total trade receivables - net | 10,886 | 13,541 |
| Revenue still to be invoiced with regard to contracts based on subsequent costing and fixed monthly instalments | 5,109 | 4,953 |
| Contract assets | 172 | 392 |
| Other receivables | 57 | 53 |
| Prepayments and accrued income | 825 | 641 |
| Total other receivables | 6,163 | 6,039 |
| Total trade receivables and other receivables | 17,049 | 19,580 |

The fair value of the trade receivables and other receivables is close to the book value. This also applied on 31 December 2019 for an amount of trade receivables of EUR 3.3 million (31 December 2018: EUR 1.9 million) for which the payment term has expired. Although the payment periods for claims up to an amount of EUR 3.3 million have lapsed, there were no indications as at the balance sheet date that the relevant trade receivables would not fulfil their payment obligations. Other provisions have been created for some of these debtors because there are still outstanding issues in relation to the performance of the projects.

The age of the trade receivables is as follows:

| | 2019 | | 2018 | |
|-----------------------------------------------------------------------------------------------------------------|-------------------|--------------|-----------------------|-----------------------|
| | Trade receivables | Provision | Trade receivables net | Trade receivables net |
| (in EUR x 1,000) | | | | |
| Trade receivables which are not deemed to be uncollectible and for which the payment period has not yet expired | 7,574 | - | 7,574 | 11,635 |
| Trade receivables which are not deemed uncollectible and for which the payment period has lapsed | | | | |
| less than 1 month | 2,335 | (36) | 2,299 | 618 |
| between 1 and 2 months | 329 | (20) | 309 | 496 |
| between 2 and 3 months | 357 | - | 357 | 146 |
| more than 3 months | 535 | (188) | 347 | 646 |
| | 3,556 | (244) | 3,312 | 1,906 |
| Total trade receivables - net | 11,130 | (244) | 10,886 | 13,541 |

The changes in the provision for doubtful debts are as follows:

| | 2019 | 2018 |
|-----------------------------------------------|--------------|--------------|
| (in EUR x 1,000) | | |
| Balance as at 1 January | 1,869 | 1,182 |
| Addition to the provision | 147 | 687 |
| Write-off in connection with uncollectibility | (1,766) | - |
| Release from the provision | (6) | - |
| Balance as at 31 December | 244 | 1,869 |

At year-end 2019, the provision for receivables considered uncollectible stood at EUR 0.2 million (year-end 2018: EUR 1.9 million).

In 2018, an inimitable interlocutory decision was given against Ctac as to the customer's obligations and the value of the services provided by Ctac, after which the Court issued its ruling in October 2019. As a consequence, after obtaining advice on the matter, a correction of EUR 1.5 million was made in 2018, relating to services provided under a disputed contract. EUR 0.6 million of this adjustment relates to outstanding accounts receivable, for which a provision was formed in 2018. An amount of EUR 0.9 million was recognised as other provision in 2018. The ruling has now become final and conclusive.

The receivables in respect of trade debtors are exclusively in euros. Amounts included in the provision are usually written off at the time that there is no expectation that any payments in respect of the receivable will take place.

Trade receivables and short-term assets have been pledged as security under the current account facility.

Prepayments and accrued income include prepaid costs.

The other receivables have a duration of less than one year, both at year-end 2019 and year-end 2018.

The other items in the trade receivables and other receivables do not contain any assets with an impairment.

The maximum credit risk at the balance sheet date is the value of each item from the receivables as described above. Ctac has not obtained any security in respect of these receivables.

The maximum credit risk on trade receivables (gross), the revenue still to be invoiced in respect of services already provided, and the contract assets concerned the following amounts for the individual segments on the balance sheet date.

| | 2019 | 2018 |
|----------------------------------------------|---------------|---------------|
| (in EUR x 1,000) | | |
| The Netherlands | 12,378 | 15,412 |
| Belgium | 3,391 | 2,942 |
| Other | 398 | 532 |
| Maximum credit risk as at 31 December | 16,167 | 18,886 |

The cash and cash equivalents have been placed with professional market parties that have a credit quality that is qualified as good. The credit ratings of these parties are at least A.

15. Cash and cash equivalents

EUR 0.2 million of the cash and cash equivalents balance at year-end 2019 were funds in a guarantee account. This part is not at Ctac's disposal.

Amounts drawn under the current account credit facilities, totalling EUR 6.9 million at year-end 2019 (year-end 2018: EUR 6.9 million), are recognised under short-term amounts owed to banks. The majority of the group companies are jointly and severally liable for the current account credit facility. A pledge right on receivables, fixtures and fittings, IP rights and shares has been granted as security.

The bank may lower or cancel this facility at any time.

The main covenant within the financing facility is a maximum leverage ratio (determined on the basis of the total net debt/EBITDAL). The maximum leverage ratio allowed is 2.5. In 2019, the ratio was 0.7 (2018: 0.7). The average amount owed to banks in current account facilities for the financial year 2019 was nil.

No financial derivatives were present within Ctac in 2019, or on the balance sheet date.

16. Shareholders' equity

At year-end 2019, the authorised share capital amounted to EUR 7,200,000 and was divided into 30,000,000 shares of EUR 0.24 as follows: 14,999,999 ordinary shares, 15,000,000 preference shares and 1 priority share. The issued share capital consists of 12,931,401 ordinary shares and 1 priority share. All issued shares are fully paid up.

The decision to pay a stock dividend led to 124,319 new shares being issued in 2019 (2018: 151,134 new shares).

The composition of, and the changes in, the shareholders' equity over the years 2019 and 2018 are stated on page 44 of the financial statements.

The number of outstanding option rights will not exceed 10% of the total number of outstanding ordinary shares. There are no outstanding option rights.

17. Other long-term liabilities

17.1 Earn-out obligations

This concerns Ctac's obligations to minority shareholders of subsidiaries and lower-tier subsidiaries of Ctac N.V. with which earn-out and/or subsequent payment agreements have been made, based on EBITDA of the entity in question.

The future results of the entity are estimated on the basis of a detailed forecast for the coming year and forecasts based on conservative assumptions for revenue growth and margin development for future years. The obligations for the remaining years calculated on the basis of the estimated results are recognised at the present value (discount rate of 10%). These earn-out obligations will be fully paid in cash.

Ctac acquired 2.2% of the minority interest in 2019.

The valuation of these earn-out obligations is Level 3, as specified in IFRS 13 'Fair Value Measurement'.

The changes in the earn-out obligations are as follows:

| | 2019 | 2018 |
|------------------------------------|------------|------------|
| (in EUR x 1,000) | | |
| Balance as at 1 January | 196 | 685 |
| Valuation differences | 63 | 176 |
| Transferred to current liabilities | (98) | (735) |
| Accrual of earn-out obligations | 20 | 70 |
| Balance as at 31 December | 181 | 196 |

17.2 Discounts received in advance

These are discounts received in advance relating to rent and lease contracts with a term longer than a year.

The changes in discounts received in advance are as follows:

| | 2019 | 2018 |
|------------------------------------|-----------|-----------|
| (in EUR x 1,000) | | |
| Balance as at 1 January | 65 | 96 |
| Transferred to current liabilities | (31) | (31) |
| Balance as at 31 December | 34 | 65 |

The maturity dates of the other liabilities, including the part under current liabilities, are as follows.

| | < 1 year | 1-2 years | > 2 years | Total including current liabilities |
|--------------------------------|------------|------------|-----------|-------------------------------------|
| (in EUR x 1,000) | | | | |
| Earn-out obligations | 98 | 181 | - | 271 |
| Discounts received in advance | 31 | 34 | - | 65 |
| Total other liabilities | 129 | 215 | 0 | 344 |

18. Provisions

The changes in the provisions are as follows:

| | 2019 | | | 2018 |
|----------------------------------|-----------------------------|--------------|--------------|--------------|
| (in EUR x 1,000) | | | | |
| | Anniversary Payments | Other | Total | Total |
| Balance as at 1 January | 100 | 1,000 | 1,100 | 197 |
| Additions charged to the result | 16 | 106 | 122 | 937 |
| Released to the result | - | (6) | (6) | (23) |
| Allocated | (16) | (981) | (997) | (11) |
| Balance as at 31 December | 100 | 119 | 219 | 1,100 |

18.1 Provision for Anniversary Payments

The terms and conditions of employment of the various group companies include an anniversary scheme pursuant to which employees receive a gross payment that is independent of their salary when they reach a certain number of years of service. In accordance with IAS 19 'Employee Benefits', a provision has been made for the conditional obligation resulting from this anniversary scheme. The provision is made on the basis of the projected average number of years of service per employee and the size of the payment, and is recognised at the present value (discount rate of 1%).

The provision for anniversary payments includes an amount of EUR 79,000 (2018: EUR 84,000) with a term of more than one year.

18.2 Other provisions

This concerns a provision that relates to work carried out under guarantee, or work still to be carried out on loss-making projects that are charged to the financial year in accordance with the accounting principles for the financial statements. The other provisions have a duration of less than one year, both at year-end 2019 and year-end 2018.

A provision of EUR 0.9 million was formed in 2018 in respect of a legal dispute that has since been settled. A further explanation can be found under 1 'Trade receivables and other receivables'.

19. Trade payables and other debts

The composition of the trade payables and other debts is as follows:

| | 2019 | 2018 |
|---------------------------------------------------|---------------|---------------|
| (in EUR x 1,000) | | |
| Trade payables | 4,550 | 4,982 |
| Taxes and social security contributions | 3,649 | 4,605 |
| Contractual obligations | 2,254 | 1,530 |
| Other liabilities | 117 | 112 |
| Accruals and deferred income | 7,843 | 7,938 |
| Total trade payables and other liabilities | 18,413 | 19,167 |

The fair value of the trade payables and other debts is close to the book value.

The contractual obligations concern the obligations to transfer goods or services to a customer to the extent that Ctac has received compensation from the customer for this. EUR 0.5 million (2018: EUR 0.5 million) of these contractual obligations have a term of more than 1 year.

The other debts item includes short-term liabilities arising from earn-out agreements. All other liabilities have a term of less than 1 year.

The accrued liabilities item includes liabilities relating to holiday pay, annual leave and bonuses, as well as other items to be paid that are charged to the financial year in accordance with the accounting principles for the determination of the result.

20. Personnel costs

The composition of the personnel costs is as follows:

| | 2019 | 2018 |
|------------------------------|---------------|---------------|
| (in EUR x 1,000) | | |
| Wages | 30,105 | 32,112 |
| Social security charges | 4,450 | 4,865 |
| Pension costs | 1,620 | 1,657 |
| Other personnel costs | 994 | 270 |
| Total personnel costs | 37,169 | 38,904 |

The pension costs concern the payment of contributions in connection with a defined contribution pension scheme. The other personnel costs include costs such as travel and accommodation costs, and training costs. The increase in other personnel costs was caused by higher capitalised development costs in 2018. The average staffing (FTEs) over 2019 amounts to 379 (2018: 418). This is divided among the segments as follows.

| Number of FTEs per segment | 2019 | 2018 |
|-----------------------------|------------|------------|
| The Netherlands | 284 | 319 |
| Belgium | 54 | 61 |
| Other | 41 | 38 |
| Total number of FTEs | 379 | 418 |

21. Other operating expenses

The other operating expenses can be specified as follows:

| | 2019 | 2018 |
|--------------------------------------------|---------------|---------------|
| (in EUR x 1,000) | | |
| Car expenses | 2,453 | 4,071 |
| Accommodation expenses | 237 | 1,839 |
| Infrastructure costs | 4,869 | 5,863 |
| Marketing and sales costs | 893 | 828 |
| Other costs | 2,700 | 1,356 |
| Valuation differences earn-out obligations | 55 | 167 |
| Total other operating expenses | 11,207 | 14,124 |

The decrease in accommodation, car and infrastructure costs recognised under Other operating expenses in 2019 compared to 2018 is due to the application of IFRS 16 'Leases' with effect from 1 January 2019 (see explanatory note under 9 'Leases').

The other costs include items such as the costs of insurance, auditors' fees and consultancy fees. The increase in 2019 was caused by a one-off charge as a consequence of damages having been awarded by a court ruling and the associated costs of EUR 1.3 million. At year-end 2018, the value of the single most likely outcome was estimated at nil, based on the facts and circumstances known at that time. In 2019, the court ruled against Ctac, resulting in a prospective recognition of the damages in the profit and loss account for 2019. This settles the legal dispute.

The amount and composition of auditors' fees can be specified as follows:

| | 2019 | 2018 |
|-----------------------------------|------------|------------|
| (in EUR x 1,000) | | |
| Audit of the financial statements | 175 | 148 |
| Other review procedures | - | - |
| Tax services | - | - |
| Other consultancy work | - | - |
| Fees for other BDO network | 31 | 18 |
| Total auditors' fees | 206 | 166 |

22. Finance income and expenses

The finance income and expenses can be specified as follows:

| | 2019 | 2018 |
|------------------------------------------|--------------|--------------|
| (in EUR x 1,000) | | |
| Finance income | - | 1 |
| Finance expenses | (20) | (43) |
| Accrual of earn-out | (20) | (70) |
| Finance expenses of lease obligations | (197) | - |
| Total finance income and expenses | (237) | (112) |

The finance expenses include the interest due with regard to the current account facilities at banks, and the interest due in connection with taxes.

23. Income tax

Income tax can be specified as follows:

| | 2019 | 2018 |
|--------------------------------------------------------|--------------|--------------|
| (in EUR x 1,000) | | |
| Taxes currently payable for the ongoing financial year | (498) | (724) |
| Deferred taxes | (68) | 140 |
| Taxes for prior financial years | 4 | (1) |
| Total income tax | (562) | (585) |

The tax burden on the result before taxes amounts to 30.8% (2018: 25.4%) and can be specified as follows:

| As a % of the result from ordinary activities before tax | 2019 | 2018 |
|----------------------------------------------------------------------|-------------|-------------|
| Nominal tax burden | 25.0 | 25.0 |
| Effects of lower first bracket | (1.3) | (0.9) |
| Rate differences foreign countries | 1.0 | (0.5) |
| Innovation box for the ongoing financial year | (1.8) | (8.1) |
| Change in rate in the years to come | - | 3.2 |
| Non-deductible amounts | 5.5 | 4.3 |
| Earn-out scheme | 0.8 | 1.8 |
| Uncapitalised deferred taxes on loss set-off | 0.5 | 0.5 |
| Other differences | 1.1 | 0.1 |
| Tax burden according to the consolidated financial statements | 30.8 | 25.4 |

In 2017, the Dutch Tax and Customs Administration extended the VSO Innovation Box in connection with R&D activities until the end of 2020. That part of the operating profit attributable to the Innovation Box amounts to 40% of the consolidated adjusted EBIT for the Dutch tax entity Ctac.

The tax burden increased as a consequence of less benefit from the Innovation Box due to the one-off charges in 2019 and as a consequence of higher profits in Belgium, taxed at a higher rate.

24. Results per share

The calculation of the base profit and of the diluted profit per share attributable to the shareholders of the parent company is based on the following data:

| Profit/(loss) per share | 2019 | 2018 |
|-----------------------------------------------------------------------------------------------|-------------|-------------|
| Net result (EUR x 1,000) | 1,262 | 1,715 |
| Net result from continued activities (EUR x 1,000) | 1,262 | 1,715 |
| Net result from continued activities attributable to group shareholders (EUR x 1,000) | 1,262 | 1,715 |
| Number of shares | | |
| Number of ordinary shares at the beginning of the year | 12,807,082 | 12,655,648 |
| Number of ordinary shares at the end of the year | 12,931,401 | 12,807,082 |
| Weighted number of average outstanding ordinary shares | 12,879,601 | 12,756,604 |
| Average price (EUR) | 2.45 | 3.20 |
| Potential dilution of ordinary shares | - | - |
| Number of potential shares in connection with the diluted profit per share | 12,879,601 | 12,756,604 |
| Net result attributable to group shareholders per share after potential dilution (EUR) | 0.10 | 0.13 |

25. Dividend per share

The proposal submitted to the General Meeting of Shareholders is to pay out a dividend - in the form of shares - of EUR 0.08 per share.

The General Meeting of Shareholders of 15 May 2019 adopted an optional dividend of EUR 0.08 per ordinary share of Ctac N.V., payable in cash and to be charged to the net profit for 2018. Following this decision, a total amount of EUR 0.7 million of the net profit for the financial year 2018 was paid out in cash to shareholders in 2019 and 124,319 shares were issued as stock dividend. The remaining net profit for 2018 was added to the general reserve.

26. Off-balance sheet contingent and contractual receivables and obligations

The company and its participations have guarantees for a total amount of approximately EUR 0.3 million (2018: approximately EUR 0.3 million) outstanding. These guarantees have been issued in connection with current lease obligations.

At year-end 2019, Ctac made investment commitments regarding the expansion of the data centres for an amount of EUR 0.6 million.

In respect of its rent and lease obligations, Ctac has obligations totalling approximately EUR 2.7 million regarding service components concerning rental, data and car lease contracts.

Ctac N.V. and most of its Dutch group companies form a fiscal entity for corporation tax and revenue tax purposes, as a result of which the companies in question are jointly and severally liable for the obligations of the fiscal entity.

Ctac France is debating with a customer about the financial settlement of an implementation project. During the implementation of the project, it was found, among other things, that the legal scope of the agreements made had been recorded insufficiently clearly in the contract. From a technical point of view, the project was fully discontinued in December 2016, but it has not been completed from a legal point of view yet.

27. Acquisitions and divestments

The interest in Ctac Resourcing B.V. was expanded by 2.2% and is now 93.4%. The interest in Alpha Distri B.V. was expanded by 49.5% and is now 100%.

28. Related parties**28.1 Identities of related parties**

The group companies, the members of the Supervisory Board, the members of the Board of Directors, and the major shareholders qualify as related parties of Ctac N.V.

28.2 Transactions with the members of the Board of Directors and of the Supervisory Board**28.2.1 Remuneration policy**

The aim of Ctac N.V.'s remuneration policy is to provide a clear picture of the policy that should be followed with regard to the remuneration of the members of the Board of Directors and managers, this also in view of being able to ensure that the company can attract and retain qualified and experienced managers. Such a policy cannot be viewed separately from the following basic principles:

- The customer's interest is key. This interest is served when the members of the Board of Directors and the managers satisfy the most stringent professional requirements, and for which an adequate remuneration must be paid.
- The remuneration reflects the expertise, commitment and involvement demonstrated by the members of the Board of Directors and the managers for the benefit of Ctac N.V.
- The level of the remuneration is in line with the remuneration of the members of boards of directors and the managers at comparable companies and contains a fixed and a variable component.
- The remuneration must be partly in line with the results achieved by Ctac N.V., and therefore it is an annual item on the agenda for the Supervisory Board meeting in which, among other things, the performance criteria upon which an assessment will take place are determined.

28.2.2 Remuneration of members of the Board of Directors

With regard to the remuneration of the members of the Board of Directors, the following amounts have been recognised in the result of 2019 and 2018 respectively.

| | 2019 | 2018 |
|-----------------------------------------------------------------------------------|--------------|------------|
| (in EUR x 1,000) | | |
| Board of Directors | | |
| <i>H.L.J. Hilgerdenaar</i> | | |
| Salary | 309 | 300 |
| Pension and disability benefit insurance and other employer's contributions | 73 | 60 |
| Variable remuneration | 57 | 51 |
| Car allowance | 28 | 28 |
| Total remuneration | 467 | 449 |
| <i>P.P.J.G. Saasen (with effect from 24 September 2019)</i> | | |
| Salary | 89 | - |
| Pension and disability benefit insurance and other employer's contributions | 7 | - |
| Variable remuneration | 17 | - |
| Car allowance | 9 | - |
| Total remuneration | 122 | - |
| <i>D.G.H. van der Werf (until 15 May 2019)</i> | | |
| Salary | 348 | 275 |
| Non-recurring allowance | 275 | - |
| Pension and disability benefit insurance and other employer's contributions | 80 | 67 |
| Variable remuneration | 38 | 47 |
| Car allowance | 28 | 28 |
| Total remuneration | 769 | 427 |
| Total salary | 746 | 575 |
| Total non-recurring allowance | 275 | - |
| Total pension and disability benefit insurance and other employer's contributions | 160 | 127 |
| Total variable remuneration | 112 | 98 |
| Total car allowance | 65 | 56 |
| Total remuneration to the Board of Directors | 1.358 | 856 |

The level of the variable remuneration depends on the extent to which targets have been realised. The most important targets are defined as targets for development in revenue, development in result, and product development. The maximum variable remuneration is 45% of the annual salary. In 2019, 0% of net result target was achieved, 25% of revenue development target, 45% of the recurring revenue target, and 10% of target for achieving the S/4HANA strategy.

No loans, advances or guarantees have been provided to the directors under the Articles of Association. Any compensation payable upon the dismissal of Mr Hilgerdenaar has not been laid down in a contract and therefore this has not been maximised. Any compensation payable upon the dismissal of Mr Saasen may not exceed one year's salary.

28.2.3 Shares and option rights held by the members of the Board of Directors

The members of the Board of Directors did not hold any shares or option rights at year-end 2019; this was also the case at year-end 2018. The members of the Board of Directors are entitled to an LTI bonus, based on the underlying development of the price of the Ctac share. No obligation has been recognised since the obligation was estimated to be nil on the balance sheet date.

28.2.4 Remuneration of members of the Supervisory Board

With regard to the remuneration of the members of the Supervisory Board, the following amounts have been recognised in the results of 2019 and 2018 respectively.

| | 2019 | 2018 |
|---------------------------|------------|------------|
| (in EUR x 1,000) | | |
| Supervisory Board | | |
| G. van de Weerdhof | 45 | 45 |
| E. Kraaijenzank | 33 | 33 |
| E. Karsten | 33 | 33 |
| Total remuneration | 110 | 110 |

28.2.5 Shares and option rights held by members of the Supervisory Board

The members of the Supervisory Board do not hold any shares. No option rights have been allotted to the members of the Supervisory Board.

29. Events after the balance sheet date

On 14 January 2020, Ctac announced that it was going to take a majority interest in Purple Square, a specialist in programme and project management and change management.

Purple Square was established in 2014. At year-end 2019, its team consisted of 25 project and programme managers. The acquisition of the majority interest in Purple Square fits seamlessly into Ctac's business model and strategy which involves Ctac offering its customers added value in their digital transformation journey, not only by offering the right ICT solution, but also through active involvement during the business transformation. This collaboration offers synergy benefits and it has improved Ctac's portfolio management aimed at an optimum customer approach.

Ctac acquired a 70% interest for a payment of EUR 4,480,000. Ctac's interest is expected to be expanded to 100% in the upcoming years.

The purchase price of the remaining 30% interest (call option) depends on Purple Square's future results. One third of the remaining acquisition amount will be paid as shares and the remaining part will be cash payments. The purchase price of the remaining interest will depend on the average profit after corporation tax for 2020, 2021 and 2022.

Since no formal financial statements as at the acquisition date are available yet, no indication can be given as to the amounts as at the acquisition date for each category of assets, liabilities and contingent liabilities, nor can a description be given of factors that have contributed to the cost price resulting in the recognition of goodwill. The fair value to be assigned to the intangible assets still has to be defined and established. Where applicable, this will take place within 12 months from the acquisition date.

Ctac renewed its credit facility with ABN AMRO Bank on 15 January 2020. The combination facility now agreed on is for a total amount of EUR 4.0 million with an increase of EUR 2.0 million to EUR 6.0 million in the months April to August. In addition, a new five-year loan for EUR 4.5 million was concluded.

On 3 March 2020, Ctac signed a letter of intent with a view to it acquiring 75% of the shares in Oliver IT B.V., an integration and software development specialist.

As all companies, Ctac has been confronted with the economic and social consequences of the COVID-19 virus. These are uncertain times and since the Board of Directors cannot forecast for how long this situation will continue, making any firm statements about the possible long-term impact is impossible. Immediately after it became clear that the virus would also have consequences for the Benelux, Ctac set up a Business Continuity Team headed by the CFO, with representatives from the various disciplines in the organisation. A redundant communication structure was set up for the company's service activities in order to optimally continue to satisfy customer needs. Ctac communicates with its employees on a regular basis about the status and progress of the actions taken to ensure the continuity of the Ctac's service provision. The Board of Directors has decided that managing cash flow and working capital has top priority for the time being. Initiatives taken for this purpose include daily monitoring of our accounts receivable balance and optimising our accounts payable balance. In addition, actions to cut costs have been identified which will be implemented depending on the duration of the current situation. It is also being studied whether Ctac will be eligible for use of the government's support measures once their operation and scope are fully known. At present, the Board of Directors sees no reason to doubt the continuity assessment of Ctac's service provision and there is therefore no reason to take any drastic measures, including the forced redundancy of employees. Given the current package of measures, the Board of Directors has confidence in Ctac's future.

**Company balance sheet as at 31 December
(before profit appropriation)**

(in EUR x 1,000)

ASSETS

Fixed assets

| | | |
|-----------------------------|---------------|---------------|
| 30) Intangible fixed assets | 2,753 | 2,962 |
| 31) Tangible fixed assets | 32 | 30 |
| 32) Financial fixed assets | 35,825 | 32,685 |
| | 38,610 | 35,677 |

Current assets

| | | |
|---------------------------------------------|------------|--------------|
| 33) Trade receivables and other receivables | 508 | 528 |
| Cash and cash equivalents | - | 475 |
| | 508 | 1,003 |

39,118 **36,680**

LIABILITIES

34) Shareholders' equity

| | | |
|-------------------------------|--------|---------|
| Issued and paid-up capital | 3,104 | 3,074 |
| Share premium | 11,695 | 11,725 |
| Statutory reserves | 3,678 | 3,684 |
| Other reserves | (282) | (1,102) |
| Result for the financial year | 1,262 | 1,715 |

19,457 **19,096**

Long-term liabilities

| | | |
|------------------------------|-----------|------------|
| 35) Deferred tax liabilities | 57 | 101 |
| | 57 | 101 |

Current liabilities

| | | |
|------------------------------------|---------------|---------------|
| 36) Amounts owed to banks | - | - |
| 37) Trade payables and other debts | 19,604 | 17,483 |
| | 19,604 | 17,483 |

39,118 **36,680**

| Company profit and loss account for | 2019 | 2018 |
|--------------------------------------------|----------------|--------------|
| (in EUR x 1,000) | | |
| Revenue | - | - |
| Gross margin | - | - |
| 38) Personnel costs | 1,923 | 1,306 |
| Depreciation and amortisation | 232 | 222 |
| 39) Other operating expenses | 229 | (1,577) |
| Total operating expenses | (2,384) | 49 |
| Operating result | (2,384) | 49 |
| Finance income | 101 | 99 |
| Finance expenses | (10) | (8) |
| 40) Total finance income and expenses | 91 | 91 |
| Result from group companies | 3,094 | 1,583 |
| Result before profits income tax | 802 | 1,723 |
| 41) Income tax | 460 | (8) |
| Net result | 1,262 | 1,715 |

Explanatory notes to the company balance sheet and profit and loss account

General

The company financial statements of Ctac N.V. are drawn up in accordance with the statutory provisions laid down in Title 9 Book 2 of the Dutch Civil Code. Use has been made of the option offered in Book 2, Article 362 of the Dutch Civil Code to use the same principles for the valuation and determination of the results that are used in the consolidated financial statements for the company financial statements (IFRS).

Pursuant to a legislative amendment, organisations of public interest, which includes listed companies, are no longer allowed to present an abridged profit and loss account in their company financial statements (something which used to be allowed pursuant to section 2:402(2) of the Dutch Civil Code).

Group companies are valued in the company balance sheet at net asset value. Any negative valuation of the participation is deducted from the claim on the relevant group company.

30. Intangible fixed assets

Changes in intangible fixed assets are as follows:

| | (in EUR x 1,000) | | | | | |
|-------------------------------------|------------------|--------------|-------------------------------------------|------------|--------------|--------------|
| | Goodwill | | Intangible fixed assets produced in-house | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Book value as at 1 January | 2,450 | 2,450 | 512 | 670 | 2,962 | 3,120 |
| Investments | - | - | 8 | 53 | 8 | 53 |
| Depreciation and amortisation | - | - | (217) | (211) | (217) | (211) |
| Book value as at 31 December | 2,450 | 2,450 | 303 | 512 | 2,753 | 2,962 |
| Total acquisition value | 6,646 | 6,646 | 1,094 | 1,086 | 7,740 | 7,732 |
| Total depreciation and impairments | (4,196) | (4,196) | (791) | (574) | (4,987) | (4,770) |
| Book value as at 31 December | 2,450 | 2,450 | 303 | 512 | 2,753 | 2,962 |

31. Tangible fixed assets

The changes in tangible fixed assets are as follows:

| Total Computers | 2019 | 2018 |
|-------------------------------------|-------------|-------------|
| (in EUR x 1,000) | | |
| Book value as at 1 January | 30 | 30 |
| Investments | 17 | 11 |
| Depreciation and amortisation | (15) | (11) |
| Book value as at 31 December | 32 | 30 |
| Total acquisition value | 220 | 203 |
| Total amortisation | (188) | (173) |
| Book value as at 31 December | 32 | 30 |

32. Financial fixed assets

The composition of the financial fixed assets is as follows:

| | 2019 | 2018 |
|-------------------------------------|---------------|---------------|
| (in EUR x 1,000) | | |
| Participations | 35,619 | 32,615 |
| Other receivables | 206 | 70 |
| Total financial fixed assets | 35,825 | 32,685 |

32.1 Participations

The changes in the participations item are as follows:

| | 2019 | 2018 |
|----------------------------------------------------|---------------|---------------|
| (in EUR x 1,000) | | |
| Balance as at 31 December 2018 | 32,615 | 30,684 |
| Impact of first-time application of IFRS 16 Leases | (228) | - |
| Balance as at 1 January | 32,387 | 30,684 |
| Result of participations | 3,094 | 1,583 |
| Movement in receivables from participations | 138 | 348 |
| Balance as at 31 December | 35,619 | 32,615 |

A list of names, addresses and shares in capital interests can be found in Appendix 1 to the financial statements.

32.2. Other receivables

Other receivables can be specified as follows:

| | 2019 | 2018 |
|----------------------------------|------------|-----------|
| (in EUR x 1,000) | | |
| Balance as at 1 January | 70 | 70 |
| Deposit payment | 136 | - |
| Balance as at 31 December | 206 | 70 |

With effect from 2016, Ctac has borne the risk under the Dutch Partially Disabled Workers Act (WGA) all by itself. The mandatory warranty to the Dutch Tax and Customs Administration that a financial institution will take over this obligation should Ctac no longer be able to comply with it has been reinsured. A deposit of EUR 206,000 was paid for this. This contract will be effective until 2022.

33. Trade receivables and other receivables

Trade receivables and other receivables can be specified as follows:

| | 2019 | 2018 |
|-----------------------------------------------------------------|------------|------------|
| (in EUR x 1,000) | | |
| Trade receivables and receivables in respect of group companies | 303 | 407 |
| Other claims and payments and accrued income | 205 | 121 |
| Total trade receivables and other receivables | 508 | 528 |

34. Shareholders' equity

Changes in shareholders' equity in 2019 can be specified as follows:

| (in EUR x 1,000) | Issued Share Capital | Share Premium Reserve | Statutory reserves | Other reserves | Undistributed profit | Total |
|-----------------------------------------------------------------|----------------------|-----------------------|--------------------|----------------|----------------------|---------------|
| Balance as at 31 December of the previous financial year | 3,074 | 11,725 | 3,684 | (1,102) | 1,715 | 19,096 |
| Impact of first-time application of IFRS 16 Leases | | | | (228) | | (228) |
| Balance as at 1 January | 3,074 | 11,725 | 3,684 | (1,330) | 1,715 | 18,868 |
| Appropriation of the result in previous financial year | - | - | - | 1,042 | (1,042) | - |
| Dividend | 30 | (30) | - | - | (673) | (673) |
| Net result | - | - | - | - | 1,262 | 1,262 |
| Change in accordance with statutory reserve | - | (6) | 6 | - | - | - |
| Balance as at 31 December | 3,104 | 11,695 | 3,678 | (282) | 1,262 | 19,457 |

Changes in shareholders' equity in 2018 can be specified as follows:

| (in EUR x 1,000) | Issued Share Capital | Share Premium Reserve | Statutory reserves | Other reserves | Undistributed profit | Total |
|--------------------------------------------------------|----------------------|-----------------------|--------------------|----------------|----------------------|---------------|
| Balance as at 1 January | 3,037 | 11,762 | 2,163 | (1,881) | 2,800 | 17,881 |
| Appropriation of the result in previous financial year | - | - | - | 2,300 | (2,300) | - |
| Dividend | 37 | (37) | - | - | (500) | (500) |
| Net result | - | - | - | - | 1,715 | 1,715 |
| Change in accordance with statutory reserve | - | - | 1,521 | (1,521) | - | - |
| Balance as at 31 December | 3,074 | 11,725 | 3,684 | (1,102) | 1,715 | 19,096 |

35. Deferred tax liabilities

The changes in deferred tax liabilities are as follows:

| | 2019 | 2018 |
|--------------------------------------------------|------------|------------|
| (in EUR x 1,000) | | |
| Balance as at 1 January | 101 | 156 |
| Intangible fixed assets produced in-house | | |
| Recognised in the profit and loss account | (44) | (55) |
| Balance as at 31 December | 57 | 101 |

36. Amounts owed to banks

Amounts drawn by Ctac N.V. under the total current account credit facility, totalling EUR 6.0 million at year-end 2019 (2018: EUR 6.0 million), are recognised under short-term amounts owed to banks. Equal to 2018, short-term bank debts at year-end 2019 were nil.

37. Trade payables and other debts

The composition of the trade payables and other debts is as follows:

| | 2019 | 2018 |
|---------------------------------------------------|---------------|---------------|
| (in EUR x 1,000) | | |
| Trade payables | 1,060 | 1,315 |
| Taxes and social security contributions | 73 | 27 |
| Other liabilities | 17 | 10 |
| Other debts to group companies | 17,934 | 15,814 |
| Accruals and deferred income | 422 | 315 |
| Corporation tax | 98 | 2 |
| Total trade payables and other liabilities | 19,604 | 17,483 |

38. Personnel costs

The composition of the personnel costs is as follows:

| | 2019 | 2018 |
|------------------------------|--------------|--------------|
| (in EUR x 1,000) | | |
| Wages | 1,133 | 673 |
| Social security charges | 25 | 28 |
| Pension costs | 136 | 127 |
| Other personnel costs | 629 | 478 |
| Total personnel costs | 1,923 | 1,306 |

The average staffing (FTEs) over 2019 amounts to 2 (2018: 2).
Ctac N.V. does not employ any employees outside of the Netherlands.

39. Other operating expenses

The other operating expenses can be specified as follows:

| | 2019 | 2018 |
|---------------------------------------|------------|----------------|
| (in EUR x 1,000) | | |
| Car expenses | 56 | 57 |
| Marketing and sales costs | 276 | 289 |
| Other costs | (103) | (1,923) |
| Total other operating expenses | 229 | (1,577) |

The other expenses consist of ICT costs, auditors' and consultancy fees, and costs passed on to the other group companies.

40. Finance income and expenses

The finance income and expenses can be specified as follows:

| | 2019 | 2018 |
|------------------------------------------|-------------|-------------|
| (in EUR x 1,000) | | |
| Finance income | (101) | (99) |
| Finance expenses | 10 | 8 |
| Total finance income and expenses | (91) | (91) |

41. Income tax

Income tax can be specified as follows:

| | 2019 | 2018 |
|----------------------------------------------|------------|------------|
| (in EUR x 1,000) | | |
| Tax currently payable for the financial year | 404 | (63) |
| Tax for prior financial years | 12 | (1) |
| Deferred tax for the financial year | 44 | 56 |
| Total income tax | 460 | (8) |

CONTINGENT LIABILITIES

The company forms part of a tax entity for corporation tax; consequently, the company is jointly and severally liable for the tax liabilities of the tax entity as a whole.

DIRECTORS' DECLARATION

Pursuant to new statutory provisions, the directors hereby declare that to the best of their knowledge:

- the financial statements as included on pages 42 to 89 of this report provide a true and fair picture of the assets, liabilities, the financial position, and the profit over the financial year of Ctac N.V. and the companies jointly included in the consolidation;
- the annual report provides a true and fair view of the situation at the balance sheet date, the course of business during the financial year of Ctac N.V. and of the companies affiliated with Ctac N.V., of which the figures have been included in the financial statements. The material risks which Ctac N.V. faces are described in the annual report.
- The risk management and control systems functioned well in the year under review.

's-Hertogenbosch, 27 March 2020

Board of Directors
Mr H.L.J. Hilgerdenaar
Mr P.P.J.G. Saasen

Supervisory Board
Mr G. van de Weerdhof
Mr E. Kraaijenzank
Ms E. Karsten

Other information

Provision in the articles of association regarding profit appropriation

According to article 30 of the articles of association, a dividend is paid out on the priority share that equals six percent (6%) of the nominal amount. The Board of the Directors, with the approval of the Supervisory Board, subsequently determines which part of the remaining profit shall be reserved. The remaining profit, after the addition to reserves, is at the disposal of the General Meeting of Shareholders.

Profit appropriation proposal

Further to wishes that were specifically expressed during the General Meeting of Shareholders of 11 May 2016, it has been decided that the dividend policy shall be adjusted by starting from an optional dividend in cash or shares in the future, if relevant. This does not apply to the dividend for the financial year 2019. It will be proposed to the General Meeting of Shareholders that a dividend of EUR 0.08 per share be distributed in the form of ordinary shares in the company and that this be charged to the tax-exempt share premium reserve or the other reserves. The proposal shall also include giving power of attorney to the Board of Directors to issue the ordinary shares that are needed in order to distribute the dividend in the form of shares.

Protective measures

Ctac can make use of the following protective measures:

- priority shares, held by the Ctac Priority Foundation (Stichting Prioriteit Ctac);
- the option to place preference shares with the Ctac Continuity Foundation (Stichting Continuïteit Ctac);
- the issue of depository receipts for shares.

The following applies to implementing these measures.

Ctac Priority Foundation

Special controlling rights are attached to the priority share held by the Ctac Priority Foundation. For example, the shares are issued pursuant to a resolution of the Ctac Priority Foundation. The appointment of the Ctac Priority Foundation as the body authorised to issue shares can be extended under the articles of association or by a resolution of the General Meeting of Shareholders each time for a period of no longer than five years. Resolutions to issue preference shares or to grant any right to subscribe to such shares of bodies other than the General Meeting of Shareholders are always subject to the cooperation of the Supervisory Board. A transfer of preference shares requires the approval of the Supervisory Board. The pre-emptive right in connection with an issue of shares can be restricted or excluded by the Ctac Priority

Foundation. The appropriate authority of the Ctac Priority Foundation ends at the point in time at which the authority of the Priority Foundation to issue shares ends.

The Ctac Priority Foundation also plays a role in the appointment, suspensions, and dismissal of members of the Board of Directors. The members of the Board of Directors are appointed by the General Meeting of Shareholders from a binding nomination to be drawn up by the Ctac Priority Foundation. A resolution to suspend or dismiss a member of the Board of Directors can, if not passed following a proposal by the Ctac Priority Foundation, only be adopted by a majority of two-thirds of the votes cast, which represents more than half of the issued share capital. Finally, the Ctac Priority Foundation plays a decisive role in amendments to the articles of association and in any resolution to dissolve the company. Such resolutions can only be adopted following a proposal by the Ctac Priority Foundation.

In 2019, the board members of the Ctac Priority Foundation were:

1. Mr E. Kraaijenzank (Chairman);
2. Mr H.L.J. Hilgerdenaar;
3. Mr H.P.M. Jägers.

Mr Jägers is a business professional with extensive experience in both large and small companies. He has financial, economic and operational experience.

Mr Jägers is an emeritus professor at the Faculty of Economics and Business of the University of Amsterdam and is, among other things, the Chairman of the Supervisory Board of Stichting Erfgoed and the Chairman of Koepel Zorgcoöperaties Zuid-Nederland.

Ctac Continuity Foundation

The objective of the Ctac Continuity Foundation is to promote the interests of Ctac, the companies affiliated with Ctac and its group companies, and all parties involved in such a manner that these interests are safeguarded to the greatest possible extent and that any influences that could harm the independence and/or the continuity, and/or the identity of the company, the group companies, and the companies in violation of those interests are excluded as much as possible, as well as to do anything that is related to, or may be conducive to, the above. The Ctac Continuity Foundation seeks to achieve its objective by acquiring and holding shares - in particular preference shares - in the company's capital and by exercising the rights attached to these shares, including, in particular, the voting rights connected to these shares. On 26 March 2013, the Ctac Priority Foundation and Ctac N.V. granted the Ctac Continuity Foundation an option

right pursuant to which the Ctac Continuity Foundation can acquire preference shares in Ctac N.V. equal to one hundred per cent (100%) of the total nominal amount of the issued ordinary shares and the issued priority share in the capital of the company, provided that certain conditions are fulfilled and without the cooperation of the General Meeting of Shareholders of the company. Preference shares can be issued against partial payment on the understanding that the part of the nominal amount to be paid mandatorily must be the same for each preference share and that, when preference shares are subscribed to, at least one quarter (25%) of the nominal amount must have been paid. The Ctac Continuity Foundation is authorised to sell, pledge - providing that the voting right attached to the shares in question is not transferred to the pledgee - or otherwise encumber the shares it has acquired with the proviso that the Foundation requires the approval of the Supervisory Board to sell the shares. Prior to 26 March 2013, there was an option right that equalled fifty per cent (50%) of Ctac N.V.'s issued share capital at the moment when the option was exercised. The increase to one hundred per cent (100%) was deemed necessary to offer the Ctac Continuity Foundation sufficient opportunities to counter any hostile takeover attempts.

The board of the Ctac Continuity Foundation consists of at least three members. The members of the board are appointed by the board of the Foundation itself and can be suspended and dismissed by that board. Decisions to appoint a board member require the approval of the Board of Directors of the company, for which approval the Board of Directors requires the approval of the company's Supervisory Board. The Ctac Continuity Foundation is independent of Ctac. The Ctac Continuity Foundation can only be represented by two board members acting jointly.

In 2019, the board members of the Ctac Continuity Foundation were:

1. Mr S.W.A.M. Visée (board member since 26 April 2015 and Chairman since 31 March 2017);
2. Mr E. Jamin (board member since 5 March 1998);
3. Mr P.J.M. van den Brink (board member since 31 March 2017);
4. Mr A.J.B.W. Dingen (board member since 11 December 2019);
5. Ms A. Haan (board member since 11 December 2019).

Mr P.J.M. van den Brink is retired. He has a legal education. In his career he mainly worked in the banking sector; one of his positions was that of Managing Director of ING Bank Nederland. He has had a wide range of other, societal positions and some supervisory board memberships. Mr Van den Brink took over the chairmanship from Mr Visée with effect from 1 January 2020.

Mr S.W.A.M. Visée is a lawyer in Amsterdam and has been a partner in Rutgers & Posch since the firm was established in 2013. His former positions included being a partner at Houthoff for 15 years, the head of the corporate legal department of N.V. Dutch Railways, a deputy-judge at the Arnhem Court, and a lawyer at De Brauw Blackstone Westbroek. Mr Visée resigned on 31 December 2019.

Mr E. Jamin is an independent adviser and works on an interim-basis for medium-sized and large companies and non-profit organisations. His specialisations lie in the field of treasury advice, providing support with change processes as a consequence of computerisation or reorganisation, and setting up and structuring financial functions. Mr Jamin was previously connected to, among others, Coopers & Lybrand, Fuji Photo Film and Van Den Boom Group.

Mr A.J.B.W. Dingen completed his training as a chartered accountant in 1981 and has worked as an accountant throughout his career, initially at Van Dien & Co Accountants and then for 20 years at BDO, where he was also a partner. Mr Dingen has been working as a financial advisor and/or director/supervisory director at various organisations since 2009.

Ms A. Haan started her career as a lawyer with CMS Derks Star Busmann in 1990 after completing her law studies in that year. She joined CMS as a partner in 2000. She has also been working as an MfN certified mediator since 2016. In addition to the above, Ms Haan holds various other positions with various community organisations and is active as a supervisory director.

Right of investigation

In accordance with Section 2:346, paragraph c, of the Dutch Civil Code, Ctac has granted the right of investigation to the Ctac Continuity Foundation. The Ctac Continuity Foundation is also authorised to demand injunctive relief by virtue of Article 349a of Book 2 of the Dutch Civil Code if the interests of Ctac specifically requires this. The Ctac Continuity Foundation will only exercise the right of investigation and the right to demand injunctive relief within the objective of the Ctac Continuity Foundation if there are justifiable reasons to doubt the correctness of a policy. The Ctac Continuity Foundation only exercises the right of investigation and the right to demand injunctive relief after prior consultation with Ctac's Board of Directors and Ctac's Supervisory Board.

Issue of depository receipts for shares

No depository receipts for shares have currently been issued with the cooperation of the company.

Ctac Continuity Foundation Declaration of Independence

The Board of Directors of Ctac N.V. and the board of the Continuity Foundation declare that, in their joint opinion, the Ctac Continuity Foundation is a legal entity independent of Ctac N.V. within the meaning of Section 5:71, subsection 1, part c of the Financial Supervision Act.

's-Hertogenbosch, 27 March 2020

Ctac N.V.
H.L.J. Hilgerdenaar
P.P.J.G. Saasen

Ctac Continuity Foundation
P.J.M. van den Brink
E. Jamin
A.J.B.W. Dingen
A. Haan

Independent auditor's report

To: the shareholders and the Supervisory Board of Ctac N.V.

A. Report on the audit of the financial statements 2019

Our opinion

We have audited the financial statements 2019 of Ctac N.V., based in 's-Hertogenbosch, The Netherlands. The financial statements include the consolidated financial statements and the company financial statements.

| WE HAVE AUDITED | OUR OPINION |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The consolidated financial statements which comprise: 1. the consolidated balance sheet as at 31 December 2019; 2. the following consolidated statements for 2019: profit and loss account, the statement of the total result, the statement of changes in shareholders' equity and the cashflow statement; and 3. the notes comprising a summary of the significant accounting policies and other explanatory information. | In our opinion the enclosed consolidated financial statements give a true and fair view of the financial position of Ctac N.V. as at 31 December 2019 and of its result and its cash flows for 2019 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code. |
| The company financial statements which comprise: 1. the company balance sheet as at 31 December 2019; 2. the company profit and loss account for 2019; and 3. the notes comprising a summary of the applicable accounting policies and other explanatory information. | In our opinion the enclosed company financial statements give a true and fair view of the financial position of Ctac N.V. as at 31 December 2019 and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code. |

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Ctac N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

Materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at € 575 thousand. The materiality is based on 0.7% of the turnover which we consider to be one of the principal considerations for members of the company in assessing the financial performance of the group. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Supervisory Board that misstatements in excess of € 28.7 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Ctac N.V. is head of a group of entities. The financial information of this group is included in the consolidated financial statements of Ctac N.V.

Our group audit mainly focused on the significant group entities in The Netherlands, Belgium and France. We consider a component significant when:

- it is of individual financial significance to the group; or
- the component, due to its specific nature or circumstances, is likely to include significant risks of material misstatement of the group financial statements.

Ctac N.V. consists of three segments, one of which is based in The Netherlands, one in Belgium and one in France. Consolidation is performed at the head office in 's-Hertogenbosch, as well as the financial administration of the Dutch, Belgian and French segments. The administrative processes and internal controls are identical for the Dutch and Belgian segments. We have audited the activities of the Dutch and Belgian segments. For specific laws and regulations, we have used BDO Belgium. For the French segment, we have performed specific audit procedures on items that we have identified as a significant risk.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Scope of the audit with respect to fraud and non-compliance with laws and regulations

Our responsibility

In accordance with the Dutch standards on auditing we are responsible for obtaining a high (but not absolute) level of assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. We are not responsible for prevention of fraud or non-compliance with laws and regulations and it cannot be expected that we detect all non-compliance with laws and regulations.

Our audit approach in relation to fraud risks and non-compliance with laws and regulations

To identify and assess the risks of a material misstatement in the financial statements due to fraud and of non-compliance with laws and regulations, we have obtained an understanding of the company and its environment that are relevant for the audit with the purpose to design audit procedures that are appropriate to mitigate these risks. As in all of our audits, we addressed the risk of management override of internal control.

We considered available information, including the code of conduct and whistle blower policy, and made enquiries of relevant board members, employees of Ctac and the supervisory board. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and possible bribery and corruption. We noted the following fraud risks:

- revenue recognition in relation to determining separate performance obligations and allocating the total contract price as well as revenue cut-off (included in key audit matter revenue recognition);
- valuation of goodwill and other intangible fixed assets, due to the subjectivity that is inherent to estimations (included in key audit matter valuation goodwill and other intangible fixed assets).

We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in note 2 (Main accounting principles for the financial statements), note 5 (Key estimates and assumptions) and note 8 (disclosure note intangible fixed assets). We have also used data analysis to identify and address high-risk journal entries.

To address the risk of non-compliance with laws and regulations, we have obtained an understanding of the laws and regulations applicable to Ctac and the manner how Ctac complies therewith by inquiries with the board of directors, reading minutes and performing substantive audit procedures on transactions, balances and disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In 2018, project risks, including a specific legal dispute, was a key audit matter. For 2019, we do not consider this a key audit matter anymore, since the legal dispute has been resolved.

VALUATION OF GOODWILL

We refer to sections 2.3.1, 2.7 (Main accounting principles for the financial statements), section 5.1 (Key estimates and assumptions) and section 8.2 (Impairment test for goodwill).

We identified the goodwill on Ctac's balance sheet as a key audit matter, in view of the significant and inherent nature of the estimates made for this item. The nature of the estimates is expressed in assumptions made by the Board of Directors when assessing future cash flows to determine the recoverable amount of the goodwill.

The goodwill item amounted to € 13,885 thousand (2018: € 13,885 thousand). Based on its forecasts, the Board of Directors determined that there was no impairment of goodwill.

OUR AUDIT APPROACH

The recoverable amount is determined on the basis of the present value of projected cash flows for the individual cash flow generating units. Projected cash flows are based on the budgets for each group entity (Ctac Nederland and Other activities), where calculating the present value of cash flows is done on the basis of WACC.

The audit procedures we performed included an assessment of reasonableness and consistency of the assumptions that form the basis for the estimate of projected cash flows with internal budgets as approved by the Supervisory Board.

We compared the Board of Directors' expectations with respect to the development of margin and revenue with the underlying plans and we verified the reasonableness of the assumptions made, including the WACC applied, by making use of the expertise of valuation experts.

We performed sensitivity analyses with respect to the key assumptions to establish the degree of change in these assumptions which could lead to impairment of the goodwill.

We also focused attention on the Board of Directors' disclosures regarding the assumptions and the outcome of the impairment test. The company's explanatory notes on goodwill can be found in section 8.2 of the financial statements.

Based on our audit procedures, we consider the Board of Directors' assessment for potential impairment reasonable and the parameters and expectations within an reasonable range. Furthermore we consider the disclosures sufficient.

| CAPITALIZATION AND VALUATION DEVELOPMENT COSTS | OUR AUDIT APPROACH |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>We refer to sections 2.3.4, 2.3.7. 2.7 (Main accounting principles for the financial statements) and section 8.3 (Notes to investments in intangible fixed assets) in the Financial Statements.</p> <p>We have identified the capitalization and valuation of own developed software products as a key audit matter, given the significance of the capitalized amount and the related inherent estimations with respect to future cash flows to determine the realizable value of the capitalized development costs. Because the software products are recently developed and taken to the market, the estimation uncertainty of future cash flows is higher.</p> <p>The capitalized amount in 2019 was € 3,367 thousand. This amount relates to the development costs of the Fit4Woco / Fit4RealEstate and the cash desk software XV.</p> <p>Based on the cash flow projections, the Board of Directors concluded that there is no trigger for impairment.</p> | <p>We reviewed the internal controls related to specification of time spent.</p> <p>Our substantive audit work focused on the existence, accuracy and valuation of the capitalized development costs.</p> <p>We verified the costs incurred against the applicable capitalization criteria pursuant to IAS 38. This led us to establish that although the Board of Directors made a distinction between research and development costs, only the latter were capitalized. We furthermore assessed expected future economic benefits by means of cash flow forecasts and we checked assumptions and linked them to underlying source documentation.</p> <p>We had meetings with project managers, controllers and the Board of Directors of Ctac and we verified the information we obtained orally by means of external and internal documentation and other available audit information.</p> <p>We also reviewed the explanatory information in the financial statements.</p> <p>Based on our audit procedures, we consider that the Board of Directors has appropriately applied the accounting principles for capitalization of the intangible fixed assets and that the assumptions and estimates used to determine the realizable value are within a reasonable range. We have specifically discussed the content of disclosure note 8.3 concerning the assumption in the cash flow projection on timing of existing customers to reach the end of life stage of the current software and the possibility of acquiring new customers.</p> |

| REVENUE RECOGNITION | OUR AUDIT APPROACH |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>We refer to the sections 2.12 (Revenue from customer contracts), 5.2 (Key estimates and assumptions), section 14 (Notes to trade receivables and other receivables), section 18 (Note provisions), section 19 (Notes to trade creditors and other debts).</p> <p>We have identified a (fraud)risk regarding the existence, accuracy and cut-off of revenue and the existence, accuracy and valuation of the related receivables regarding turnover still to be invoiced in connection with services already provided.</p> <p>Furthermore we have identified a risk regarding the correct application of IFRS15, due to the different types of services of Ctac, the identification of separate performance obligations and related price components and other contractual stipulations.</p> | <p>We reviewed the internal controls related to revenue recognition.</p> <p>We have performed substantive audit procedures for existence, accuracy and cut-off of revenues and related receivables regarding turnover still to be invoiced.</p> <p>Furthermore we have reviewed if the revenue recognition and the disclosures in the financial statement have been prepared with the new accounting standard for revenue from customer contracts (IFRS15). We have reviewed the scope and results of the impact analysis prepared by Ctac, tested on a sample basis contracts with customers and evaluated our conclusions with internal financial reporting specialists. Special consideration has been given to IFRS15 requirements regarding performance obligations for SaaS-solutions in combination with consultancy engagements.</p> <p>Based on our audit procedures, we consider that the Board of Directors has chosen and applied adequate accounting principles for recognition of revenues from customers. We have noted that the assumptions that are used by the Board of Directors to identify separate performance obligations and allocating revenues to these obligations are reasonable. We consider the disclosures in the financial statements as sufficient.</p> |

Emphasis of matter relating to impact of Covid-19

We draw attention to pages 46 and 82 of the financial statements and page 31 of the report of the Board of Directors, which describe the current impact of the Coronavirus and the plans to address these events and circumstances. Furthermore the Board of Directors indicate that it is not possible at this moment to assess the impact of the Coronavirus on the financial performance of Ctac N.V. We have not modified our audit opinion as a result of this matter.

B. Report on other information included in the annual report

Next to the financial statements and our opinion thereon, the annual report consists of other information, including:

- the report of the Board of Directors;
- the remuneration report
- the other information
- the other parts as noted in the content table.

Based on the procedures as mentioned below, we are of the opinion that the other information:

- is consistent with the financial statements and contains no material deficiencies;
- includes all information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information and based on our knowledge and understanding obtained from the audit of the financial statements or otherwise, we have considered if the other information contains material deficiencies.

With these procedures, we have complied with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Auditing Standard 720. These procedures do not have the same scope as our audit procedures on the financial statements.

Management is responsible for the preparation of the report of the Board of Directors and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

C. Report on other legal and regulatory requirements

Engagement

We were engaged by the General Meeting of Shareholders as auditor of Ctac N.V. on 15 May 2019 for year 2019 and have operated as statutory auditor ever since 2012.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5 (1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

D. Description of responsibilities for the financial statements

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Eindhoven, 27 March 2020

For and on behalf of BDO Audit & Assurance B.V.,

E.H.B. Schrijver RA

Historical Summary

| Results (x EUR 1,000) | 2019 | 2018 | 2017 |
|--------------------------------------------------------|-------------|-------------|-------------|
| Revenue | 81,782 | 82,998 | 81,597 |
| Operating result | 2,061 | 2,412 | 3,669 |
| Net result | 1,262 | 1,715 | 2,800 |
| Depreciation and amortisation | 5,464 | 990 | 1,020 |
| Net cash flow | 1,741 | 1,882 | (472) |
| Assets (x EUR 1,000) | | | |
| Tangible fixed assets | 1,275 | 1,374 | 1,760 |
| Rights of use | 6,232 | - | - |
| Intangible fixed assets | 17,563 | 17,569 | 16,048 |
| Financial fixed assets | 1,387 | 1,304 | 1,217 |
| Current assets | 18,913 | 20,166 | 20,593 |
| Current liabilities | 22,212 | 20,923 | 20,734 |
| Shareholders' equity | 19,457 | 19,096 | 17,881 |
| Total assets | 45,370 | 40,413 | 39,618 |
| Personnel | | | |
| Number of employees at year-end | 397 | 424 | 455 |
| Average number of employees (FTE) | 379 | 418 | 425 |
| Average number of chargeable employees (FTE) | 306 | 342 | 350 |
| Revenue per employee (per FTE x EUR 1,000) | 216 | 198 | 192 |
| Revenue per chargeable employee (per FTE x EUR 1,000) | 267 | 243 | 233 |
| Net result per employee (per FTE x EUR 1,000) | 3.3 | 4.1 | 6.6 |
| Ratios | | | |
| Operating result/revenue | 2.5% | 2.9% | 4.5% |
| Net result/revenue | 1.5% | 2.1% | 3.4% |
| Net result/average shareholders' equity | 6.5% | 9.3% | 16.8% |
| Current assets/current liabilities | 0.85 | 0.96 | 0.99 |
| Shareholders' equity/total assets | 42.9% | 47.3% | 45.1% |
| Per share of EUR 0.24 nominal value | | | |
| Number of weighted average outstanding ordinary shares | 12,879,601 | 12,756,604 | 12,597,253 |
| Proposed dividend | 0.08 | 0.08 | 0.08 |
| Net result (attributable to group shareholders) | 0.10 | 0.13 | 0.22 |
| Net cash flow | 0.14 | 0.15 | (0.04) |

Data based on published annual reports for the years in question.

Appendix 1

Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions Decree (Decree article 10 Takeover Directive)

The authorised share capital amounts to EUR 7,200,000 and is divided into 30,000,000 shares of EUR 0.24 as follows: 14,999,999 ordinary shares, 15,000,000 preference shares and 1 priority share. The issued share capital consists of 12,931,401 ordinary shares and 1 priority share.

Further information about provisions in the articles of association regarding profit appropriation and about special controlling rights of Ctac N.V. is included under 'Other information' in this annual report on pages 90 - 92.

Pursuant to the Financial Supervision Act and the Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions Decree, the following substantial participating interests with regard to Ctac N.V. have been reported to the Netherlands Authority for the Financial Markets:

| Group companies/main participating interests | Place of Business | Participation in % at year-end 2019 |
|-----------------------------------------------------|--------------------------|--------------------------------------------|
| Ctac N.V. | | |
| Ctac Nederland B.V. | 's-Hertogenbosch | 100 |
| Alpha Distri B.V. | 's-Hertogenbosch | 100 |
| Ctac Quality B.V. | 's-Hertogenbosch | 100 |
| Ctac B.V. | 's-Hertogenbosch | 100 |
| Ctac Resourcing B.V. | 's-Hertogenbosch | 93.4 |
| Persity Search B.V. | 's-Hertogenbosch | 100 |
| Ctac Belgium BVBA | Wommelgem, Belgium | 100 |
| Ctac België N.V. | Wommelgem, Belgium | 100 |
| Ctac France SAS | Paris, France | 100 |

All of the above-mentioned companies have been included fully in the consolidation. All shares confer the same rights.

Index of terminology

AaaS (*Archiving-as-a-Service*) - A full-service cloud solution for SAP archiving.

aPaaS (*Application-Platform-as-a-Service*) - A platform that offers environments to quickly develop and deploy applications.

API's - An application programming interface (API) gives other systems access to the software.

Artificial Intelligence - Artificial intelligence refers to the simulation of human intelligence in machines.

Augmented Reality - A live, direct or indirect, picture of reality to which elements can be added by a computer.

BI (*Business Intelligence*) - The process of transforming data into information, leading to knowledge.

Blockchain - Data that is stored in a decentralized and unadaptable manner in order of time.

Business Productivity - Consolidating, optimizing and enhancing the cooperation between employees, partners and customers.

cCloud2.0 - An innovative, high value service that delivers flexible and scalable server storage capacity.

Center of Excellence - Highly qualified knowledge team.

Cloud - Cloud computing is using the internet to make hardware, software and data available on demand, in the same way as using electricity from the mains grid.

Composed Solution - A composite solution for specific markets.

CRM (*Customer Relationship Management*) - Integrated client management.

Customer Service - Customer service.

Discharge - Dismissal, release.

Design Thinking - Solving business issues using creative techniques. In doing so, we do not put the focus on the client, but on the client's client.

Enterprise architecture - Information provision linked to business processes.

Enterprise resource planning - See SAP ERP system.

Field Service Management - Field service software.

Fit4RealEstate - SaaS solution for managers of commercial Real Estate.

Fit4Woco - SaaS solutions for processes of housing associations.

IaaS (*Infrastructure-as-a-Service*) - The infrastructure is offered virtually. The hardware, including servers, network equipment and the workstations are owned by the service provider. The client only pays for what is actually used.

ICT Solution Provider - ICT & business consultancy service provider.

In-memory computing - A real-time in-memory data platform that gives businesses a competitive advantage through the rapid and cost effective analysis of their customer data.

Internet of Things - Simple equipment that is connected to the Internet.

iPaaS (*Integration-Platform-as-a-Service*) - Platform to quickly link applications/data together.

Legacy system - A computer system that, although outdated, is still in use.

Machine Learning - Software that can adapt itself to the circumstances.

Microsoft Office 365 - A collection of internet services, meant for businesses, home use or education. These internet services are offered partly as on-line services, partly as applications on a desktop PC, tablet or phone, or as a combination of both.

Midlance - Employment at Ctac based on a results-related salary.

OR - Ctac's Work's Council.

PaaS (*Platform-as-a-Service*) - Delivering operating systems and associated services via the internet without having to download or install them.

Portal - A central entrance to applications and information via the Internet.

POS - Point of Sale.

Predictive Analytics - Making predictions using data.

Product Information Management solution (PIM) - Software to generate and manage Product Information.

RPA (Robotic Process Automation) - Automated business processes.

S/4HANA - Industry specific integrated ERP system.

SaaS (*Software-as-a-Service*) - Sometimes known as Software on Demand, SaaS is software that is offered as an online service. The customer does not have to purchase the software, but has a contract, for example per month or per user, or only pays for what is actually used.

SAP C/4HANA - Customer experience suite.

SAP ERP-system (*Enterprise Resource Planning*) - Software which enables business processes to be supported administratively.

SAP Fiori - App-based user interface to make SAP available to your entire organization in a user-friendly way.

SAP HANA - SAP real-time in-memory data platform that gives businesses a competitive advantage through rapid and cost effective analysis of their customer data.

SAP NetWeaver - The application and integration platform for process-orientated business management, as well as the technical foundation for all the SAP applications in the SAP Business suite.

SAP Qualtrix - Experience management.

Sharepoint - A Microsoft platform that serves as a framework for setting up a website for information sharing and online collaboration within a group or organisation, such as often happens on an intranet.

Total Solution Provider - Delivering end-to-end ICT services.

United VARs - United VARs (Value Added Reseller) is the leading alliance of SAP Partners for the mid-market segment. Together with its suppliers, United VARs makes it easy for companies to successfully implement large-scale international projects. In this network Ctac represents the Netherlands and Belgium.

VAR (*Value-Added Reseller*) - A reseller that can add extra value to a solution through their knowledge and expertise.

VNSG - Association of Dutch SAP users (Vereniging van Nederlandse SAP Gebruikers).

XV5/XV-Retail - Customer Engagement and POS solution.

Colofon

Published by

Ctac
Meerendonkweg 11
5216 TZ 's-Hertogenbosch, the Netherlands

T. +31 (0)73 692 06 92
F. +31 (0)73 692 06 88
E. info@ctac.nl
I. www.ctac.nl

Design and realisation

De Merkenbouwers, 's-Hertogenbosch

Editor for Ctac

Josien Klein Overmeen

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Chris Russell, Groningen





CTAC N.V.

Meerendonkweg 11
5216 TZ 's-Hertogenbosch
Postbus 773
5201 AT 's-Hertogenbosch
The Netherlands

T: +31 (0) 73 692 06 92
F: +31 (0) 73 692 06 88
E: info@ctac.nl
I: www.ctac.nl

CTAC BELGIUM

Uilenbaan 82
2160 Wommelgem
Belgium

T: +32 (0) 3 354 09 79
F: +32 (0) 3 354 07 89
E: info@ctac.be
I: www.ctac.be

CTAC FRANCE

19 rue de Choiseul
75002 Paris
France

T: +33 (0) 1 43 12 53 15
E: administratif@ctacfrance.fr
I: www.ctacfrance.fr

 www.twitter.com/CtacNV

 www.linkedin.com/company/Ctac

 www.instagram.com/werken_bij_ctac

 www.youtube.com/CtacVideo