

ANNUAL REPORT  
**2018**



# Foreword

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The past year was mainly characterised by some state-of-the-art projects that we did for Technische Unie, Action, Audax and the Dutch Raad voor Rechtsbijstand (Legal Aid Board), and other parties. We lead the way when it comes to innovation. Our IP strategy is also progressing as planned. SAP sees that, our customers see it. This makes us proud.

The transformation from Total Solution Provider to Business & Cloud Integrator was once again the main theme in 2018. This is actually about adjusting to new market conditions. Since really understanding your market is an essential requirement, we are increasingly acting as a director for our customers in the Real Estate, Manufacturing, Wholesale, Logistics and Retail market segments. We guide them through their digital journey and spar with them about their problems, how to solve them, and which products go with this. But you can only really do that if you understand the customer's business: how their processes work, which challenges they face.

In order to do so, we have evolved internally into an organisation that challenges customers. Our offer – all those great things we have and do – does not come until the end of our talks with the customer. We start by making contact, asking questions, talking about the actual challenges. For example, how to control your architecture and keep your cash registers operational whilst your company is growing very quickly. We analyse the problem and look for a solution.

This requires a very good understanding on the part of our sales people of how we can help customers. Content is becoming increasingly important for them. They must be able to accurately grasp what the actual question is whilst carefully steering the internal organisation: what will the solution be and which disciplines will have to be involved for this. This results in the line between sales and pre-sales becoming less and less distinct. The market teams we set up also involves increasing the co-operation between business development, business consultancy and sales as one unit. Because they really need each other.

In order to give the Belgian organisation in particular more room to grow its core activities – consultancy and cloud –, we have concentrated our indirect activities such as HR and Finance & Control mainly in the Netherlands. This reduces costs and enables Ctac to work more efficiently. Of course, the identity of our Belgian organisation is safeguarded. This efficiency improvement enables the Belgian organisation to increase its focus on the development of its manufacturing activities.

Our advice is tailored to the customer's *Digital Innovation Journey*. How can organisations organise their omni-channel approach? How to deal with

distributed stocks, warehousing, logistics and functionality such as track & trace? SAP S/4HANA gives organisations all the information they need in real time, regardless of the type of cloud. Our knowledge of how to help customers with this system is unparalleled. Here we also make use of a simulation game to show how decision-making is greatly facilitated throughout the supply chain.

The success of our IP solutions has taken great strides. Our Dell Boomi-based iPaaS integration platform is working well. This is an important fact in an increasingly complex cloud world. Companies work with more and more different applications in different clouds, and Dell Boomi helps them manage their entire cloud infrastructure.

XV5.0, our cash register solution, has been renewed and is now state-of-the-art. It is used by all Action shops. The sheer size of this customer has triggered many other retailers and Ctac has now started positioning XV5.0 abroad. We are proud that Action wants to be a reference customer for us – that is a unique feat. It says a lot about their customer satisfaction and the quality of our solution.

Fit4Woco, our SaaS solution for housing corporations, went live very successfully at Vivare in January 2019. This 55,000-tenant housing corporation is very enthusiastic about it. Fit4Woco is actually a very modern total solution, offering all the benefits of the cloud: flexible scale, predictable costs and no maintenance. Housing corporations that cannot wait to leverage new opportunities are showing an interest in this.

Ctac invests heavily in IP solutions and ensures continuous further development based on industry knowledge and changing legislation to ensure that customers always have a relevant and up-to-date system at their disposal.

We serve many customers through our private cloud, but this might just as well be Azure or Amazon. We are a Cloud Integrator on any cloud and can advise customers on a broad range of cloud subjects, and migrate them to any platform desired. How can you help organisations switch over to the cloud and optimally manage the total process involved? We are getting better at this every day. The customer-facing side of SAP is becoming ever more attractive, but technically it is becoming ever

# Content

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more complex. It is becoming increasingly difficult for companies to have all the necessary knowledge in-house themselves. Cloud is the solution and so is entering into the right SLA safeguards so that you know exactly what you will be getting.

Companies that already have a lot of in-house knowledge and expertise about processes and packages also turn to us for extra capacity. Our individual business lines thus complement each other, making us a tried-and-tested address for one-stop shopping. A trusted advisor who starts communicating to customers in good time and who combines in-depth industry, process and product knowledge with the mentality to not stop asking until all questions have been answered in order to thus come up with the right solutions.

A tight labour market calls for creative action. We supported our staff recruitment efforts by means of our *Get a headstart on your future* campaign, which includes video messages from future employees, last year. Despite the tight labour situation, we should not be dissatisfied with the results. Because Ctac is doing well, potential employees also contact us spontaneously.

We are looking for a different kind of employee than a few years ago: people who can proactively look at things from the customer's perspective. The best and brightest students, but also the most versatile ones. In this respect, our labour market policy has grown along with our strategy.

Holding job interviews for the ICT market at car dealerships was abandoned long ago. Today's young people have a different view of what they find important. In addition to the material terms of employment, they attach particular importance to such matters as independence, work life balance, personal development, sustainability, social responsibility and a positive atmosphere in the company.

Talking about atmosphere: quality will always have the highest priority in the Ctac organisation, but this should not rule out having fun. Ours is the kind of culture where people go the extra mile for each other, and you can feel it in the air. This requires a flat, not overly structured organisation that offers room for initiative and where doors are always open. It's good to hear that our new employees recognise this.

Quality – and fun – over quantity, that's what characterises Ctac. And if it's up to us, that's how it will be in the future as well.

Henny Hilgerdenaar, CEO  
Douwe van der Werf, CFO

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# Ctac in figures

Key figures	2018	2017
<b>Results (EUR x 1 million)</b>		
Net turnover	83.0	81.6
Gross margin	56.4	57.3
Operating result	2.4	3.7
Result from ordinary activities before tax	2.3	3.5
Net result	1.7	2.8
Cash flow (net result plus depreciation and amortisation)	2.7	3.8
<b>Employees (FTE)</b>		
As at 31 December	398	427
Average over the year	418	425
Turnover per employee (per FTE x EUR 1,000)	198	192
Turnover per chargeable employee (per FTE x EUR 1,000)	243	233
<b>Selection of balance sheet figures (EUR x 1 million)</b>		
Shareholders' equity (net value)	19.1	17.9
Net bank debt	0.3	2.2
Total assets	40.4	39.6
<b>Ratios</b>		
Operating result/net turnover	2.9%	4.5%
Net result/net turnover	2.1%	3.4%
Net result/average shareholders' equity	9.3%	16.8%
Shareholders' equity/total assets	47.3%	45.1%
<b>Data per share of EUR 0.24 nominal value</b>		
Weighted number of average outstanding ordinary shares	12,756,604	12,597,253
Net result (attributable to group shareholders)	0.13	0.22
Cash flow (net result + depreciation and amortisation)	0.21	0.30
Shareholders' equity (net value)	1.50	1.42
Proposed dividend	0.08	0.08

# Profile

Ctac, as a Business & Cloud Integrator with a great deal of passion and commitment, helps organisations increase their business value by setting up the functional and technical configuration of, and maintaining and updating, their ICT landscapes. 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. This expertise constitutes the foundation of a broad range of propositions for supporting all core processes at businesses, from financial administration to logistics, and from procurement to sales. Ctac operates from the Netherlands, Belgium and France.

We describe our main 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 Ambitions by Transforming Information Technology into Business Value*, as well as in our tagline: *Enabling your Ambition*.

## Enabling your Ambition

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

Support through a reliable and secure ICT infrastructure is a primary requirement for this. The environment must not only be completely in order technologically, but must also be geared to the specific functional requirements of the sector in which the organisation operates. Only then can an organisation respond flexibly to the dynamics in its sector and reap the rewards of an efficient and reliable information system. In addition, our XVRetail and Fit4Woco solutions comply with national and international legislation and regulations.

## From IT Supplier to Value Partner

Ctac realises this transformation by presenting itself in a target-oriented manner and by developing further as a Value Partner; this is a strategic ambition for the coming years. Business consultancy and cloud integration also play an important role in this. We look at how we can support, optimise and innovate business operations and help our customers move forward as clients: how can people benefit from our proposition? In their work, every Ctac consultant makes clear the added value that will be achieved.

In addition to value consultancy, other factors, including strategic factors, are also important. In particular, technological innovation and the provision of Value Propositions set the tone here. Providing total convenience for the client by being a Business & Cloud Integrator and often acting as the 'single point of contact' is another deliberate strategy of Ctac.

## Value Propositions

Companies generally demand solutions that they can benefit from directly, with short implementation times and controllable costs. They form a basis for the agility that every organization should strive for nowadays. Ctac provides an effective answer for this with its Composed Solutions: unique and powerful industry solutions that are composed of ready-made components. Characterised by the optimal coordination between employees, software and business processes, they can be easily combined into a broad, modular solution. This could be an end-to-end solution, but does not need to be. One example is the Fit4Retail template, to which we can link an e-commerce solution or a cash register. The possibilities are endless. The client benefits from a 'customised standard solution' that is at the same time scalable and perfectly tailored to the company's needs. In 2017, this was complemented by the Fit4Woco software package for housing associations. The first project to implement this package at a client's took place in 2018 and the Go live started in December 2018. This is a complete solution for the key processes of a housing association, provided from the Ctac cloud. This great new product is, of course, getting our full sales focus.

These preconfigured propositions can be quickly taken into use and the benefits can be reaped within a short period. Ctac already provides these propositions for several markets, including the Retail, Wholesale, Manufacturing and Real Estate (housing associations and commercial real estate) markets. We fully guide these propositions, i.e. from determining the situation all the way through to implementation. Here the guiding principle is that the business operations must

not be inconvenienced and that the client must be able to reap the benefits of the chosen proposition as soon as possible.

A number of Value Propositions are realised in cooperation with our 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, who provide the basic software, we work together with leading players such as Dell Boomi, Mendix, Winshuttle and inRiver.

## Business & Cloud Integrator Complete Portfolio

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

In addition to sector-specific propositions, we also supply a broad range of generic solutions such as Business Insights, Logistics Services and Customer Engagement & Commerce, including in the cloud(s), via (cloud) integration-Platform-as-a-Service (iPaaS), Software-as-a-Service (SaaS), Platform-as-a-Service (PaaS) or Infrastructure-as-a-Service (IaaS). We have built an excellent position in the market with iPaaS – 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 and software development to cloud services, including training and secondment. This is based, without exception, on a professional approach, an innovative perspective, and personal contact.

Ctac specialises in the Azure and Office 365-based Microsoft Cloud portfolio. User organisations benefit from continuous updates of the fast-paced developments at Microsoft, but at lower implementation and management costs. For instance, Office 365 comprises cloud versions of the well-known e-mail, communication and collaboration software etc. Ctac ensures seamless integration with existing systems.

Our Microsoft SharePoint-based iConnect offers clients a completely new communication and information platform for their organisation and employees. This includes several modern modes of communication and functionality such as 'tiles' to directly access requested

or personal information and carry out workflow-specific activities. Functionary-specific information is immediately available; this minimises the time needed so that these functionaries can optimally focus on their core activities.

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

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, we do this together with critically selected third parties, in order to successfully implement and maintain the total solution together. Using the different clouds also implies invoicing from several different sides. Ctac has bundled this, makes 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 has and provides specialist Software Asset Management (SAM) knowledge. It thus sustainably supports its 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 Integrator, Ctac's portfolio of products and services was expanded and deepened further in 2018 with Customer Engagement & Commerce (CEC) activities. This expansion seamlessly integrates with the markets that we are active in. In particular, the Retail, Wholesale and Manufacturing sectors show a transition from process- & product-driven to customer-driven business. The current CEC portfolio provides all the means necessary for a personal approach. The full Hybris Suite, consisting of Commerce, Digital Marketing, CRM & Service solutions, complemented by our own XV Retail Point-of-Sale & Loyalty solution and inRiver's Product Information Management (PIM) solution make us ready for the future.

More and more companies are buying applications from the various clouds from various suppliers. Ctac integrates these and looks after our clients by leveraging our position as a single point of contact (SPOC) to promote our clients' technical, organisational and possibly contractual relationships. Naturally, we combine the clouds through our single-sign-on proposition, enabling users to experience the relevant applications as a single environment. This makes us both a Business Integrator and a Cloud Integrator. This offers added value for our clients in several areas. Functional and technical implementation and the maintenance that follow go hand in hand. This saves time and costs and it prevents confusion as to accountability.

### Innovation Partner

#### Focus on the future

Achieving ambitions requires the constant innovation of business processes. Technological innovation is therefore high on our agenda. We are especially interested in sustainable solutions with added value because companies invest in technology with a view to long-term profitability. Ctac also proactively seeks out new possibilities for making the ICT environment of organisations more future-proof. Trends such as in-memory computing, mobility, the Internet of Things (IoT) and cloud services are directly translated into added value for the client. In doing this, we anticipate the latest questions from customers: how do you deal with Big Data? 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 S4/HANA 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 Enterprise Architects, help to find – and if relevant implement – appropriate solutions for this. An example of this is our all-out focus on the iPaaS proposition in 2018, in order to offer our clients maximum flexibility.

Over the past 26 years, our professionals have built up an extensive and in-depth expertise in business processes within various markets. This 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 customers.

#### Structured approach

Innovation will continue to have our full attention in the coming years. All activities in this area are combined in an innovation team. The underlying rationale is that more unity results in more cohesion and therefore in more success.

#### Examples

In recent years, our focus on innovation has led to the development of Internet of Things (IoT) applications. For example, we have enabled a waste-processing company to monitor the load factor, temperature and relative humidity of their trucks in real time and we have provided their drivers with an app that combines this information with their trips and tasks.

Another example of an innovative IoT development is a proof of concept for a beer brewer where information about consumption, temperature and other relevant indicators is collected in the locations where the beer is drawn and served to consumers, and is reported centrally. This enables the brewery in question to respond to stock demands and plan its delivery trips accordingly, and prevent possible issues with the quality of the beer.

We have also taken our first steps in using Artificial Intelligence (AI). An example is the help that AI can provide to classify product data into a Product Information Management system (PIM). Another application is improving websites on the basis of – often large amounts of – data relating to click behaviour, purchase behaviour etc.

Our focus on innovation over the past few years has resulted in several successful innovations, such as Pick-by-Vision (an order picking solution supported by Augmented Reality), a Gesture Control demo, SAP & IoT-powered Mindstorms robots and conveyor belts, and the launch of various apps, including an app for housing associations. We were the first to convert our SAP Retail environment, including the Fit4Retail template, to SAP HANA, SAP's in-memory solution that speeds up data processing by a factor of up to 1,000. This is great for users and it is the ideal opportunity to react immediately and effectively to the current situation.

Ctac was also the first company to seriously devote itself to SAP's cloud solutions. This has resulted in a formal cloud partnership with this leading supplier. We were also the winner of the Best SAP Cloud Value

award concerning SAP Hosting, SAP HANA, SAP Cloud Services and SAP AMS, and other awards. This means that all Ctac's services – management, cloud, HANA and applications, and combinations thereof – are certified. We continue to hold the Excellence status for SAP Hosting, and other services, making us one of the few parties in Europe with the highest possible SAP qualifications. We see these certifications as extra confirmation that our entire organisation has a very high level of expertise and continuously delivers work of the highest quality for our clients.

Furthermore, Ctac is an early adopter of the SAP Fiori application; a solution that converts complex SAP screens to simple, browser-based screens for mobile devices, etc. We have also held various Design Thinking and Innovation sessions with national and international clients.

Concerning innovations, the HANA TDI platform must not go unnoted. This Tailored Datacenter Integration platform runs on IBM technology and has been put into use by many organisations, proving its high reliability and outstanding performance every day. By its making use of the scale benefits of the Ctac Cloud, the platform offers companies extra flexibility to scale up and scale down their in-memory capacity. The SAP S/4HANA TDI platform also offers more flexibility and possibilities regarding operation, availability and fallback options. Ctac offers its clients the option to migrate their current SAP environment to a near-zero-downtime solution: SAP's new generation of business suite software. This migration is carried out in a phased manner.

And finally, in 2017, Ctac was the first company to launch the new Integration-Platform-as-a-Service (iPaaS), based on the much acclaimed Dell Boomi technology. This takes away our customers' worries as regards the new world of integration and as regards clouds. The positive responses of users in 2018 confirmed its usefulness for organisations.

#### Domains

Ctac's service comprises three domains that together make up its Business & Cloud Integratorship: Consultancy, Cloud Services and Resourcing.

#### 1. Consultancy

The basic premise underlying our consultancy service is to create a collaboration between business consultancy and technical/functional consultancy such that, in line with our mission, we can convert ICT into business value for the client. To this end, we work together with several software suppliers, including SAP, Microsoft and Winshuttle. Ctac's field of operation includes the

Netherlands, Belgium and France. We offer a project-based, as well as a secondment-based approach, within the consultancy domain. Ctac has the option of contracting entire projects or of partially resourcing them, and/or providing the programme or project management for these projects. In addition, we supply professionals for technical or more business-oriented, specialist roles.

Because our work is, and will continue to be, the work of people, we have made project management an integral part of our services. This enhances our capacity to provide direction to the 'soft' side of change with clients: people, in all of their aspects, are often the decisive factor in transforming projects into a success in the business. Our approach in this discipline demonstrates how we get the best out of people and consequently achieve the desired project result.

Another part of our consultancy services is Ctac Learning. This supports user organisations to optimally prepare themselves and also supports users in the use of their systems. Furthermore, Ctac Learning provides practical, customised training courses that keep employee development in line with the systems and the organisation. To guarantee the highest possible return on training, Ctac Education embraces the High Impact Training (HIT) methodology, which stands out because of its pragmatism, efficiency and affordability. As a SAP partner, we work with SAP Enable Now to shape the change process at and with our clients. This method leads to good results quickly. Finally, Ctac Learning takes care of setting up Performance Support; a methodology designed to obtain knowledge and to provide access to it at the right moment.

These aspects help clients to conduct their change management better.

Ctac's Consultancy is focused on specific sector solutions as well as on general solutions that are suitable for any business.

#### Sector solutions – strength from in-depth market knowledge

Corporate life has no room for 'one size fits all'. This is why we develop market-specific solutions that optimally anticipate the requirements and wishes of the various markets. They offer the flexibility and efficiency that organisations expect, and have a right to expect, of their ICT. For our market-oriented activities, it's all about knowledge of the customer and their processes (*customer intimacy*). To this end, over the past few decades, Ctac has developed extensive knowledge of various sectors such as Retail, Wholesale, Manufacturing and Real Estate. We act as a business partner and

provide tailored solutions to these markets. Moreover, our people are aware of the challenges, follow new developments closely, and speak the company's language. As we are a frontrunner in signalling changes in the market, we can translate trends into innovative functional and ICT solutions that give the client a leading edge.

**General solutions – performance as a result of durable solutions**

Ctac's knowledge-oriented business consultants and developers deliver in-depth product expertise to optimise core processes and solve specific customer issues. They develop innovative state-of-the-art solutions that are sector-independent and can therefore be implemented in any market. The application of innovation helps to create distinctiveness and strengthens the competitive position of clients. And so that they can achieve this time and again, our consultants combine solid technical know-how with broad and in-depth experience. Disciplines in which we excel include e-Commerce, Business Intelligence (BI), Mobility, Logistics, Finance, Business Productivity and Learning. Our user-friendly and highly integrated e-business solutions are also part of the portfolio.

**2. Cloud Services**

Ever-more services that companies purchase originate from one or more clouds. Interconnecting various cloud environments is a challenge that caught our attention and Ctac is one of the first Total Solution Providers which subsequently developed solutions in this area. Providing a safe, workable and high-performing situation at the workplace is the starting point. We achieve this on the basis of deploying the right resources for access and accessibility, to make it appear as if the client is using a single cloud environment. Of course we assume ownership and we can always look after our clients on the basis of the appropriate contract form.

The market has a major need for hosting solutions and managed computer environments that relieve customers from these onerous tasks. Ctac has been active in this field for over fifteen years in the Netherlands, as well as in Belgium. We do this through a dedicated team of specialists who have in-depth knowledge of the various markets. The strength of the team, the expertise of our people, and our particular focus on the result are important distinguishing factors in this. Ctac Cloud Services focuses on configuring, managing and supporting powerful and complex infrastructures for database-oriented, business critical ERP systems and Business Productivity environments. When taking into consideration the number of clients, we are the absolute market leader in the Benelux for SAP.

We provide total management services for companies of all sizes and in every sector. No woolly stories or lengthy reports, but fast, practical solutions that immediately lead to improvement and convenience. Primarily designed for organisations that wish to secure a professional infrastructure on their way to growth and/or operational excellence. To deliver this, we have the highest certifications at the personal and process level available in the market.

**Cloud services**

Technology is developing at an astonishing pace. That is why innovation is high on our agenda. For example, consider cCloud2.0, an innovative step in providing flexible and scalable server and storage capacity. With cCloud2.0, Ctac offers a high-quality package of services based on Infrastructure as a-Service (IaaS) and Platform-as-a-Service (PaaS). Among other things, it offers a standard framework for communication with mobile devices and Big Data solutions. This makes the platform future-proof.

cCloud2.0 gives organisations the highest possible flexibility in terms of using their capacity. The ability to quickly scale up during peaks in business activity is child's play and payment is based on use. Furthermore, clients can specify their IT needs themselves via a self-service portal. The flexibility we provide is unique in the market and rests on in-house developed high-tech components. cCloud2.0 was developed on the basis of our experience with more than 230,000 national and international users of SAP, Microsoft and other systems. Thanks to the pay per use model, the services are adjustable 24/7, and clients can achieve substantial savings without having to make investments themselves.

In order to achieve all this, Ctac works together intensively with leading technology partners such as SAP, Microsoft, IBM and Dell.

**3. Resourcing**

For organisations that are looking for additional knowledge or capacity, we can provide SAP or Microsoft consultants on a temporary basis. We have more than 700 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. Ctac Resourcing combines the customer's requirements with the competencies of our candidates to create an optimal match for secondment and hiring, as well as 'midlance' (employment with Ctac on a result-based salary).

**Markets**

The Ctac organisation focusses on specific markets in which it excels in terms of knowledge of the customer and the customer's essential processes. The solutions we contribute are specific to the relevant segment and are supported on a project-oriented basis. Drawing from a broad pool of 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. Here we use templates 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'.

The retail market is very much in motion. Ctac's customers go along with the digital transformation. Physical shops are ever more integrated with online shops and ever more intensively. In its capacity as Business Integrator, Ctac can also be of help in this respect. In early 2016, Ctac started intensifying its Customer Engagement & Commerce activities and added the SAP Hybris proposition to its portfolio.

• **Wholesale**

Innovative wholesale traders look beyond purchasing and sales, and also offer services such as rental and maintenance. Ctac shares this innovative ambition and helps organisations to realise optimal information management systems, tailored to provide maximum support to their core processes. Easy to use with software that is available to all players in the market – from small to large.

• **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 with a wide range of functions: Ctac Fit4Woco. A well-thought-out solution that opens up a new world and provides total control over the processes that are unique to the sector. A solution for any organisation that operates with ambition in real estate. The Ctac Real Estate team is the largest and most experienced SAP RE Team in the Benelux.

**Specialisms**

Ctac works together with its customers to develop solutions that have an impact on the future business operations and positioning of organisations. In this respect, sustainable growth and value creation are our strategic starting points. We deliberately choose product/market combinations with strong growth potential. The SAP and Microsoft solutions amply meet this criterion and furthermore enable us to provide sector-focused applications. The following themes from Ctac's portfolio are among our specialisms:

• **Business Insights**

For us, Business Insights (BI) is 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 functionary in question directly, instead of them having to ask for these reports. Effective, of a high quality, and therefore efficient. Ctac ensures that your investments in BI 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 with agility to a changing market and portfolio 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, 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 (SharePoint, Collaboration, Communication, Document Management)**

People determine the success of an organisation. Optimised collaboration among employees, partners and customers 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 the cloud. Ctac's managed workplace provides users with the certainty that their office/workstation is always available. 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 Engagement & Commerce (CEC)**

Together with its customers, Ctac studies how Customer Engagement can bring success for an organisation. Based on the principle that optimum end customer experience always leads to profit in the form of increased turnover, a larger range of customers or a better relationship with the market – we make this possible. Our CEC 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 Hybris & inRiver.

• **Application Management**

The demand by 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. We supply business applications that can be immediately implemented with seamless integration into any environment whatsoever, thus making the desired progress as painless as possible.

• **Learning 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 and we use Performance Support to safeguard knowledge and make it accessible at the right time. Our solutions are efficient and affordable, and always have results as their top priority.

• **Data management**

With the staggering growth of data today, there is a cry from the market to increase the return from 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 knowledge and 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, how to manage their mix of different devices, and how to identify the appropriate processes for which 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, boost your business through mobility.

• **Management**

After an intensive implementation process, organisations want their SAP/Microsoft systems and office automation to provide optimal performance – and for this to be sustained. As SAP's biggest Platinum management partner and as a Microsoft Gold Partner, Ctac has the right tools and know-how in house to provide a suitable answer to all the emerging issues concerning any required new functionality, continuity, performance, capacity and optimisations. Well over 450 expert, functional consultants and ICT specialists are on 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 shop processes of our Retail & Wholesale customers. 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 basket 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. For this reason, 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 so as to be even more scalable and capable of handling large workloads. This new XV5 version has already proven its capacity and reliability.

# The Ctac share

## Financial schedule 2019/2020

8 March 2019	publication of 2018 financial figures
3 April 2019	publication of 2018 annual report
1 May 2019	publication of quarterly report for the first quarter of 2019
15 May 2019	General Meeting of Shareholders
8 August 2019	publication of half-year figures for 2019
31 October 2019	publication of quarterly report for the third quarter of 2019
6 March 2020	publication of 2019 financial figures
13 May 2020	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 12,807,082 ordinary shares and 1 priority share.

## Development of share capital

The number of outstanding ordinary shares on 31 December 2018 was 12,807,082.

## 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: 12,756,604
Highest closing price 2018 (EUR): 3.64
Lowest closing price 2018 (EUR): 2.00
Closing price year-end 2018 (EUR): 2.06
Net result per share (EUR): 0.13
Operating result per share (EUR): 0.19
Dividend per share (EUR): 0.08
Dividend yield in % at year-end 2018: 3.9%
Net asset value (EUR): 1.50

## Data per share of EUR 0.24 nominal value

	2018	2017
Weighted number of average outstanding ordinary shares	12,756,604	12,597,253
Net result attributable to group shareholders	0.13	0.22
Cash flow (net profit plus depreciation)	0.21	0.30
Shareholders' equity (intrinsic value)	1.50	1.42
Proposed dividend	0.08	0.08

## Act on disclosure of major Holdings

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 as at 31 December 2018 contained the following investors with participating interests higher than 3% (source: AFM).

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

## Board of Directors

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

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

Mr D.G.H. van der Werf (1955),  
Dutch nationality.

Director under the articles of association  
*Chief Financial Officer (CFO)*

## Supervisory Board

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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 HZPC Holding B.V., WLN B.V.  
and Kwetters 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.

Chair of the Supervisory Board  
of Nederlandse Cystic Fibrosis  
Stichting (Dutch Cystic Fibrosis  
Foundation).

*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	2018	2017	2016	2015	2014
(in EUR x 1,000)					
Net turnover	82,998	81,597	86,230	86,092	83,395
Net result	1,715	2,800	2,613	2,414	1,750
<b>Employees</b>					
Average number of employees (FTE)	418	425	435	449	441
<b>Ratios</b>					
Operating result/net turnover	2.9%	4.5%	3.5%	3.9%	3.2%
Net result/net turnover	2.1%	3.4%	3.0%	2.8%	2.1%

## Strategy

### 'Enabling your ambition'

Ctac has determined that its mission is to facilitate the ambitions of its customers by transforming the advantages of information technology into actual business value. This also includes challenging the ambitions of employees.

Within this context Ctac distinguishes the following objectives:

- to unburden national and international SME customers and large companies by offering suitable and reliable IT solutions at acceptable rates. These solutions should also make an important contribution to the sustainable profitability of these customers and their competitiveness for the continuity of their companies;
- to further evolve from an ERP service provider into a distinctive supplier of composed IT solutions as a Business & Cloud Integrator;
- to promote Ctac's own products, including the XV Retail Suite which consists of an omni-channel-driven Point-of-Sale & Loyalty platform.
- since 2017, Ctac has been making significant investments in its own intellectual property. Besides the existing XV Retail Suite, an iPaaS platform (integration-Platform-as-a-Service) was built. This enables quicker access to information, making it more readily available for new applications. Fit4Woco, a cloud software solution (Software-as-a-Service) for the housing association market was also developed. Fit4Woco supports all the primary processes of housing associations. The applicable legislation and regulations are complied with efficiently and effectively.
- to further develop the Ctac organisation to capitalise on market opportunities and to offer continuity for all stakeholders.

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 2018, 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 customers and to unburden them.

The organisation is structured such that the Management Team provides central and integrated direction to all sales and delivery activities in all countries. Services in the Netherlands are subdivided into three sectors: Consultancy (incl. SAP and Microsoft), Cloud Services and Resourcing. The sales activities are managed centrally.

Ctac believes it can create long-term value by structurally aligning the technical and commercial activities within the strategy and adapting the nature and size of the organisation accordingly. An example of this is that, in the past year, Ctac invested in the XV Retail and Fit4Woco IP products: two solutions that will enable Ctac to structurally achieve a 'new' income stream in the long run.

Ctac considers it important to create a culture in which both the group and individuals can function at excellent levels. This is expressed by the 'Ctac family feeling', meaning that everyone is free to make their contribution without taking into account hierarchical levels based on functionality, and is respected for that. This will lead to a culture that best serves long-term value creation.

## Sectors where Ctac Nederland is active

Ctac approaches the sectors in which Ctac is active in a manner that is in line with the propositions for our customers 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 consultancy, cloud services and SAP 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 Services constitute at least 55% of the turnover.

Similar activities are clustered in our structure. Ctac Nederland has defined three such clusters: Consulting, Cloud Services and Resourcing. The activities covered by Cloud Services involve a broad range of specific ICT application and integration expertise, as well as offering assistance to organisations that wish to safeguard a professional ICT infrastructure or professional application landscape in the private and/or the public clouds and/or across the different clouds. As a result, cloud integration has become a major part of our service provision. All SAP and Microsoft-related activities and software, mainly those with a functional focus, are grouped under Consulting. The Microsoft-related activities include office automation and SharePoint. Resourcing includes all secondment-related activities.

### Ctac Consulting

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 solution and Fit4Woco are part of the Consulting business unit. Both the development of the product, as well as maintaining and adjusting it, is carried out in close consultation with customers. XV Retail now holds a leading position in a highly competitive market both in the Netherlands and in Belgium. Our XV Retail solution is active internationally, is used in seven different countries, and complies with statutory and tax rules that apply in those countries. Our first customer has joined our For Fit4Woco platform.

**Ctac's SAP Consultancy activities focus on the Retail, Wholesale, Manufacturing and Real Estate markets.**

## Ctac Cloud Services

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 the customer. Cloud Services supports the whole lifecycle of systems and applications, so that customers 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 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.

### 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 selected carefully 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, 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 Cloud Services and Consulting, such as the secondment services, are grouped together under Resourcing. Through Resourcing, Ctac is active in the secondment of SAP and Microsoft 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, as well as on flexibility and continuity.

In addition to recruitment and selection, and seconding consultants to customers, 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

#### New initiatives & partnerships

##### *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 further with e-commerce activities. The expansion of the SAP portfolio seamlessly integrates with the markets Ctac is active in. Ctac has seen a considerable growth of its customers' e-commerce activities, particularly in the retail, wholesale and manufacturing markets. The interaction with the other business units will bring synergetic benefits for the company.

##### *Ctac has strengthened its omni-channel strategy through a platinum partnership with inRiver*

In 2018, Ctac became a platinum partner of inRiver. Ctac thus helps retailers better streamline its customers' entire (online) purchasing processes. The main advantages of the new system for customers are user friendliness, short implementation time, and easy integration with other systems.

##### *Custom Connect and Ctac partnership for cloud integration services*

Custom Connect, the carrier-neutral data communications specialist, and Business & Cloud Integrator Ctac have entered into an open partnership for developing and supporting Ctac's cloud strategy for its clients. Custom Connect builds and manages the connections and the network. It also gives advice on how to optimally benefit from on-going developments in the data communications technology and market. Custom Connect gives Ctac's customers – customers that typically focus on innovation and expansion – the availability of the connectivity that matches the requirements of their business. These requirements differ from company to company and from application to application as regards bandwidth, price and latency. Connections may be required in various locations, no matter how exotic.

New technologies put considerable pressure on the speed of data connections. An example of this is in-memory analyses: having the data analysed in the computer's RAM greatly increases the processing speed. The connections from and to the source data will need to be able to handle this speed and that requires connections with the lowest possible level of delays (latencies).

Data communications go to internet and IP. Custom Connect helps to achieve 'All-IP' strategies. Security is an important issue then and Ctac wants security to be provided for in the network, such that any DDoS attacks and other iniquities are filtered out and eliminated before they can reach applications and do damage there. Custom Connect builds a clean internet with guaranteed SLAs for Ctac.

##### *Ctac has a strategic focus on Data Management and Analytics*

In 2018, Ctac invested in a SAP technology-based data Management and Analytics package solution for the retail sector.

The SAP Analytics Cloud Retail solution package is based on 25 years of experience in retail IT solutions. This user-friendly solution gives control over customer data and provides insight into the possibilities to increase conversion. Carefully predefined story lines enable a 360° view of customers to be created. Analytics Cloud for Retail is on one SaaS platform that is always accessible, from anywhere. The solution combines data from different sources, enabling users to plan, analyse and even predict more quickly, and lets them easily use critical success factors such as conversion rates for their business management decisions.

Manufacturing and Real Estate packages to supplement the SAP Analytics Cloud package for Retail are being developed in 2019.

##### *Ctac has a strategic focus on the public cloud*

Ctac has developed its solution for the Manufacturing market based on SAP technology. This S/4HANA-based ERP Cloud solution has been developed to create the smartest factory for organisations in the manufacturing industry, where short delivery times, personalised products and customised solutions are the new standard. This is currently often hampered by ERP infrastructures that are outdated or consist of different and interconnected systems. S/4HANA is the smartest ERP solution in the SAP Public Cloud for the manufacturing industry. In order to safeguard knowledge transfer, all data and knowledge are in one system. Regular updates and new functionalities from the SAP Public Cloud make the solution future-proof and agile, with minimal use of IT. It offers organisations the ability to quickly adopt new functionalities, accelerate innovation and technological developments, gives them real-time insight to quickly make any adjustments, and to test, optimise and predict, and the ability to quickly generate 360° views of customers.

This standardised and user-friendly ERP solution package for the smartest factory consists of an implementation starting from a predefined scope based

on the SAP best practices for production companies, combined with Ctac's many years of experience in this sector. The package is available for an entry-level price and can be extended based on the needs and wishes of the customer.

##### **Strategic partnership between Ctac and Microsoft for SAP and Azure services**

###### *SAP on Azure*

In 2018, Microsoft and Ctac expanded their SAP on Azure partnership. 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. In its capacity as Microsoft Cloud Solution Provider, Ctac acts as a single point of contact for its customers. Ctac offers migration services, hosting and management services on the Azure platform.

###### *Stronger Cloud Solution Provider partnership*

As a 'Tier 1' Cloud Solution Provider partner, Ctac purchases cloud services directly from Microsoft and has access to the best expertise and conditions. This status is a consequence of the strategic alliance with Microsoft and Ctac's experience and quality as regards its cloud portfolio. In order to obtain the status of Cloud Solution Provider, Ctac had to comply with a number of criteria set by Microsoft – including having the necessary knowledge at its disposal, as well as the possibilities to provide the proper training, support and services, including migration services, to customers. This appointment matches Ctac's strategy concerning the expansion of its Microsoft portfolio. The market is currently in transformation and is calling for ever more speed, flexibility and know-how. Customers want specific solutions in combination with low costs. The use of cloud services now enables organisations to actually use innovations without the enterprise investments that are commonly required for them. Combining the accrued knowledge of business processes and the integration of Ctac cloud services with Microsoft cloud services yields a unique proposition that can be used for any organisation. The Cloud Solution Provider programme enables customers to rely on Ctac's service provision and on flexibility as regards purchasing the functionality.

###### *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. The main thing is that these ambitions can

help our customers achieve their goals: to continue to compete in a rapidly changing landscape and to sustainably grow their companies.

Business Productivity is not only about technology – it requires a renewed view of existing business models. This means that we should embrace intelligent systems that bring people, data and processes together in a different way. We want to enable customers to create a modern workplace, which ties in with changes in the market, as well as increasing productivity and guaranteeing modern security.

Ctac has embraced Microsoft's strategy and invests in the knowledge and competence required to support its customers with and advise them about the Digital Transformation. This serves to maintain Microsoft competencies that enable Ctac to demonstrate that it has knowledge, skills and proven successes. Ctac has Gold and Silver status for the Application Development, Cloud Platform, Productivity, Data center and Collaboration and Content competencies.

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

#### Selection of new projects/contracts

##### **Ctac first partner to enclose a new solution with SAP Enable Now**

Ctac is the first SAP partner to use SAP Enable Now for solution adoption. This SAP solution helps companies in all aspects of modern business learning, such as performance support, change management, compliance and soft skills training. Ctac uses SAP Enable Now to develop onboarding and support materials for SAP solutions. Fit4Woco is the first Ctac solution where this has been integrated in the standard.

##### **Ctac supports Action's growth strategy with further development of point-of-sale system**

Ctac has expanded its contract with Action. The international retailer has been a customer for Ctac's XV Retail point-of-sale system (POS) since 2008 to Action's

full satisfaction and it also uses Ctac's Omni Customer Loyalty Program (OCL). In order to support Action's growth strategy even better, the XV Retail solution was enriched with functionalities and implementation time was greatly reduced. This latter aspect offers significant benefits for Action's growth strategy, including as regards the Total Cost of Ownership. This has laid an even stronger foundation for further national and international expansion and innovations in retail.

#### **Raad voor Rechtsbijstand transfers IT infrastructure to Ctac**

Ctac is providing the IT infrastructure and virtual workstations for the Dutch Raad voor Rechtsbijstand (Legal Aid Board). The Business & Cloud Integrator won the public European tender that was launched when the previous contract was about to end. Ctac is providing Mobile Device Management (MDM), Desktop-as-a-Service (DaaS), Platform-as-a-Service (PaaS), and end-user support, acting as a Single Point of Contact for the Legal Aid Board's IT partners.

#### **Ctac first SAP partner with its own demo environment for the manufacturing industry**

Ctac is SAP S/4HANA Cloud certified. This software integrates all business processes and converts real-time data into actions. It increases employee productivity and provides the security of SAP. Ctac started the certification process in early 2018 and quickly became a SAP S/4HANA Cloud certified partner in the Netherlands thanks to the fast process. Ctac is also the first SAP partner with its entirely own demo environment enabling organisations in the manufacturing industry to actually experience S/4HANA Cloud.

#### **Ctac received three SAP qualifications for partner solutions in a short period of time**

Ctac received official SAP qualifications for three partner solutions based on SAP S/4HANA and best business practices within a short time span. These solutions are S/4HANA Cloud, Fit4Woco and SAP Analytics Cloud, developed respectively for the manufacturing industry, housing corporations and the retail sector.

#### **Partnerships and certifications**

##### **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 through a platinum partnership with inRiver**

In 2018, Ctac became a platinum partner of inRiver, which is a reward for operating successfully in these markets. As a partner, Ctac helps retailers better streamline their customers' entire (online) purchasing processes.

#### **Ctac strategically focuses on Data Management and Analytics**

In 2018, Ctac invested in a SAP technology-based Data Management and Analytic package solution for the retail sector. This SAP Analytics Cloud Retail solution package is based on more than 25 years of experience in IT solutions for the retail industry.

#### **Ctac strategically focuses on the Public Cloud**

Ctac has developed its own SAP technology-based solution for the Manufacturing market. This S/4HANA-based ERP Cloud solution has been developed to create the smartest factory for organisations in the manufacturing industry, where short delivery times, personalised products and customised solutions are the new standard.

#### **Strategic partnership between Ctac and Microsoft for SAP and Azure services**

In 2018, Microsoft and Ctac expanded their partnership 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 en 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**

Ctac undergoes SAP audits every two years, including Partner Center of Expertise (PCoE), Provider of Cloud Operations, SAP HANA Operations, Hosting Services and Application Management Services certifications. The latter certifications guarantee that, because Ctac holds these certificates, it can act as a SAP Platinum Partner. 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 current certificates are valid until November 2019.

#### **ISAE 3402**

In January 2019, EY issued an unconditional ISAE3402 type II report following its audit of the design, existence and operation of the Ctac Cloud Services control framework.

#### **ISO27001:2013 Information security**

Ctac has held an ISO27001 certificate for many years. An external audit by QMS International confirmed that Ctac can continue this certificate.

#### **ISO9001:2015 Quality**

Ctac is not only ISO27001 certified, but it also holds an ISO9001 certificate. An audit in October 2018 confirmed that this certificate can also be continued.

#### **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.

#### **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 configuring of various processes, and both internal and external audits of the processes and methods, are standard parts. Ctac has been ISO27001 certified as a result of this 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.

However, the ISO certificates have never been goals in themselves. 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 2019, Ctac's situation as regards certificates was still excellent. The ISO27001:2013 and ISO9001:2015 controls were once again audited by QMS International B.V. in 2018 and Ctac can continue its ISO certificates 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.

2018 was also the year in which the General Data Protection Regulation (GDPR) entered into force. Ctac

ensured the smooth integration of the requirements resulting from this Regulation by adopting a project-based approach to its implementation in its organisation. Several measures were taken, including appointing a Data Protection Officer, entering into the necessary agreements with customers and suppliers, drawing up internal and external privacy policies, and creating and/or adjusting the registers required.

In order to streamline these different components in the future, in 2018 Ctac decided to set up a Quality, Security and Privacy (QSP) department. Its main task is to monitor and further shape the aforementioned domains within the organisation.

In addition to the ISO certifications and the introduction of the GDPR, our ISAE3402 type II reporting for 2018 was also audited successfully. This report accurately verifies the proper functioning of the Plan Do Check Act cycle of the Ctac ISAE3402 framework. This audit was also carried out by EY in 2018. Ctac also passed this audit and can proudly produce a sound, unconditional ISAE3402 type II report in 2019.

Besides our continuous efforts to safeguard an optimally functioning Information Security Management System (ISMS), a Quality Management System (QMS) and a Privacy Management System (PMS) with the corresponding audits and certificates, there is of course also always room for possible additional requests from our clients.

**Financial trends**

**Turnover and gross margin**

In 2018, net turnover amounted to EUR 83.0 million; an increase of 1.7% (2017: EUR 81.6 million). Excluding a one-off write-down of EUR 1.5 million, turnover increased by 3.6% to EUR 84.5 million.

Turnover from consultancy, hosting and management rose by 2.1% from EUR 69.5 million in 2017 to EUR 70.9 million in 2018. This includes the one-off write-down of EUR 1.5 million. Turnover from hosting and management (cloud), which is an aspect of this, increased by almost 7% to EUR 33.9 million in 2018. The hiring of external staff increased by 10.4% to EUR 19.1 million (EUR 17.3 million in 2017).

Turnover from software increased by 9.6% to EUR 3.7 million (2017: EUR 3.4 million). The gross margin amounted to EUR 1.8 million (2017: EUR 1.8 million).

Turnover from maintenance contracts decreased by 4.3% to EUR 8.4 million in 2018 (2017: EUR 8.8 million). The gross margin on these activities decreased by EUR 0.5 million to EUR 2.8 million.

The turnover per employee (based on the average number of FTEs on an annual basis) rose by more than 3% to EUR 198,000 in 2018 (2017: EUR 192,000).

**Operating expenses**

Personnel costs increased by 1.2%, i.e. EUR 0.5 million, compared to 2017. The average number of FTEs decreased from 425 in 2017 to 418 in 2018.

Other operating expenses were virtually unchanged at EUR 14.1 million (2017: EUR 14.1 million). Depreciation also remained virtually unchanged at EUR 1.0 million (2017: EUR 1.0 million).

**Operating result**

Due to the above, the operating result decreased by 34.3% to EUR 2.4 million in 2018 (2017: EUR 3.7 million). Excluding the one-off write-down on turnover, the operating result increased by 7.0% to EUR 3.9 million in 2018.

**Financing income and expenses**

The net bank debt amounted to EUR 0.3 million at year-end 2018 (year-end 2017: EUR 2.2 million). This caused net interest expenses to decrease, as did the other financial expenses (including the interest on earn-out obligations). This resulted in EUR 0.1 million in expenses in 2018 (2017: EUR 0.2 million).

**Taxes**

The tax burden was 25.4% in 2018 compared to 20% in 2017. The decrease in corporation tax rates as from 2020 resulted in an additional decrease in the active deferred tax liability by EUR 0.1 million. On balance, the tax burden in 2018 was EUR 0.1 million less than in 2017.

**Net result and result per share**

The net result over 2018 amounted to EUR 1.7 million (2017: EUR 2.8 million). This translates into a result per outstanding weighted average ordinary share of EUR 0.13 (2017: EUR 0.22). The result excluding the one-off write-down per outstanding weighted average ordinary share was EUR 0.23.

The total number of outstanding ordinary shares on 31 December 2018 was 12,807,082, which is an increase of 151,434 in 2018 due to the optional dividend in cash or shares for the 2017 financial year.

**Balance sheet**

As a consequence of the net result for 2018 (EUR 1.7 million), the addition of shares and the payment of cash

dividend, the shareholders' equity by year-end 2018 grew on balance, to EUR 19.1 million. In accordance with the reporting standards, the shareholders' equity has been determined in order to process the proposal on profit appropriation.

Trade and other receivables decreased by approximately EUR 1.0 million to EUR 19.6 million at year-end 2018, partly as a result of a EUR 0.7 million increase in the provision for doubtful debts. The balance sheet total rose by EUR 0.8 million from EUR 39.6 million at year-end 2017 to EUR 40.4 million at year-end 2018.

The solvency (shareholders' equity/total assets) subsequently improved from 45.1% at year-end 2017 to 47.3% at year-end 2018.

The net bank debt decreased from EUR 2.2 million at year-end 2017 to EUR 0.3 million at year-end 2018. The credit facility agreed with ABN AMRO bank was EUR 6.0 million at year-end 2018. A pledge right on receivables, company equipment and IP rights has been granted as security.

**Cash flow and investments**

The detailed cash flow summary can be found in the financial statements on page 45. The cash flow from business operations amounted to EUR 6.6 million positive in 2018 (2017: EUR 3.0 million positive). The cash flow from operating activities amounted to EUR 5.4 million positive in 2018 (2017: EUR 2.1 million positive).

EUR 0.3 million was invested in tangible fixed assets in 2018 (2017: EUR 0.4 million). The investments consisted of the replacement of ICT infrastructure and new computers. Furthermore investments of EUR 1.8 million in IP products were recognised under intangible fixed assets in 2018 (2017: EUR 1.5 million).

The cash flow from financing activities was EUR 1.4 million negative (2017: EUR 0.7 million negative), which was partly due to a payment of earn-out obligations in the amount of EUR 0.9 million (2017: EUR 0.3 million) as a result of a partially accelerated settlement of the earn-out obligations and the dividend payment of EUR 0.5 million for 2017 (for 2016: EUR 0.4 million).

On balance, the net cash flow amounted to EUR 1.9 million positive in 2018 (2017: EUR 0.5 million negative).

**Proposal for incorporation of result**

After careful consideration of the impact of a potential dividend payment on the net cash flow in 2018, 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 2018 financial year (2017: EUR 0.08 per ordinary share), which amounts to a pay-out ratio of 34.6% of the normalised net profit attributable to group shareholders. Given the strong operational performance, the solid and increased solvency and the strong cash flow, it was decided to maintain the dividend at the 2017 level despite the lower net profit caused by an incidental item. The shareholders will be given the option to receive their dividend in cash or as shares.

**Update on ongoing legal dispute**

As stated before, Ctac is involved in a legal dispute with a client about the settlement of the performance of a contract concluded in July 2016. In 2018, an inimitable interlocutory decision was given against Ctac as to the client's obligations and the value of the services provided by Ctac.

The court is currently studying the question whether the customer can make an additional claim for damages and, if so, to what amount. The claim on the part of the customer is for approximately EUR 6 million, some EUR 5 million of which relate to damages claimed because the customer decided to have the work performed by another party. Ctac's claim against this customer is for EUR 1.1 million. Both parties have extensively substantiated their positions in writing. Ctac has taken the position that a claim for damages, the legal validity of which is contested, pursuant to the agreement concluded with the customer, is capped at EUR 1.25 million. Ctac's lawyer has asked the court to be given the opportunity to explain Ctac's views as regards any damages by means of a plea. The customer put forward a defence against this. However, the court has granted this request for a plea, which is why the final judgement is not expected until late 2019. The possibilities of recovering any damages will be investigated in the meantime.

After having obtained thorough expert advice, Ctac has decided to adjust its turnover related to the services provided under the contract by EUR 1.5 million. In February 2019, Ctac placed an amount of EUR 600,000 in escrow with its principal bank ABN AMRO in connection with a possible obligation to repay this turnover. Ctac has reached the conclusion that, taking into account the provisions of IAS 37, the claim for damages should not be recognised in its figures, since the value of the 'single most likely outcome' is estimated to be nil. Therefore, this item has been accounted for in the financial statements as a contingent liability. If the court reaches a different final decision in 2019, Ctac will reassess whether further action and creation of a provision are necessary.

<b>Turnover by unit and by segment</b>	<b>2018</b>	<b>2017</b>	<b>%</b>
(in EUR x 1,000)			
<b>The Netherlands</b>			
Ctac Cloud Services	33,944	31,813	7%
Ctac Consulting	13,273	16,289	-19%
Ctac Resourcing	13,331	12,734	5%
Licences and maintenance	10,170	9,818	4%
Intercompany turnover	1,944	1,843	5%
<b>Total the Netherlands</b>	<b>72,662</b>	<b>72,497</b>	<b>0%</b>
Belgium	15,319	14,080	9%
Other activities	822	386	113%
Elimination of intercompany turnover	-5,805	-5,366	8%
<b>Total</b>	<b>82,998</b>	<b>81,597</b>	<b>2%</b>

## Personnel developments

### Focus on employees

For a Business & Cloud Integrator such as Ctac, employees are the company's most important assets. The theme of our strategy is making ambitions come true. 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 (HR) policy therefore aims to create a working climate in which there is room for personal growth, development and initiatives. Employees and managers, as well as the organisation, each have their own responsibility in this respect. The work/personal life balance is an important part of the Human Resources policy. Our core values are integrity, respect and commitment. Working together features high on our agenda.

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 his/her manager. These personal objectives are based on the employee's ambitions, but must also be in line with Ctac's ambitions.

### Strategic Personnel Planning

Strategic Personnel Planning (SPP) will be introduced in all business units with effect from 2018. 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 in this regard? 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 2019, the Belgian Ctac operation's will also implement Ctac Nederland's method for an optimum, Ctac-wide SPP analysis.

### Learning and development

In mid-2018, an activation programme was launched to create an optimum working climate to foster the development of soft skills. This programme should match the new organisational strategy by ensuring

the presence of the right competencies that go with Ctac's proposition as a sparring partner for its customers. During this first year, it was the ambition that Ctac's employees should be stimulated to personally experience that developing soft skills can be really enjoyable and this ambition is well on its way to being realised. 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 is planned to be evaluated in mid-2019.

### 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. Ctac wants to use the talents of all its employees.

A special High Potentials programme is offered to a group of employees whose potentials are high, who have the ability to grow if they are given the right attention, room and development, and if they have the ambition needed. This customised programme allows us to respond to the development needs and potentials of this group of young talents, who individually and as a team perform at a very high level, in the interests of our clients. 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 human capital to ensure the continuity of the organisation.

### Diversity

On average, 22% of employees at Ctac were female in 2018. However, diversity is not only about men/women ratios, it is especially about respect for the differences between employees and/or their sociocultural backgrounds. 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. One of the results of this has been the introduction and application of a Transgender Personnel Guideline.

Ctac advocates its diversity policy to the external labour market by means of a diversity clause in its vacancy texts: 'Ctac has taken 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

#### Absenteeism prevention

Ctac pursues an active illness policy to prevent (long-term) absence by providing information to management on recognising initial symptoms of illness and on possible preventive and other measures. In this way, Ctac tries to reduce any absence due to illness. In 2018, absence due to illness increased to 3.9% (2017: 3.3%). There is an active focus on absence management with an eye to preventing absenteeism and promoting the employability of employees. The long-term sickness rate of employees was relatively higher in 2018.

#### Introduction of 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. Ctac has therefore offered its employees a company fitness scheme since May 2018.

#### Continuation of Preventative Medical Examinations

An evaluation in 2018 once again showed that Preventative Medical Examinations are of great value in increasing health awareness among those employees who participated in them. Findings at organisational level have since been translated into vitality policy. In 2019, Ctac will again offer these examinations to all its staff, paying special attention to new employees that join our organisation.

### Recruitment

Ctac's Employer Brand was further professionalised in 2018. In particular, activities were developed that contributed to Ctac's recognisability as an employer in a scarce labour market. Ctac's online recognisability was strengthened by sharing content with the relevant target groups on a structural basis. Offline recognisability was mainly aimed at optimising the candidate journey. Collaboration with Marketing has been optimised further, so that it will be possible to give full attention to creating a distinctive position for Ctac as an employer, and to identifying and optimising the online candidate journey in 2019.

Two events aimed at Young Professionals were organised in order to make Ctac more recognisable to

this target group and to introduce Ctac as a potential employer to future talents. This will be followed up in 2019.

In recent years, HR Recruitment has initiated several actions to encourage colleagues to bring in new employees. An additional campaign was launched in 2018, where Ctac's flexible workers were also included in the referrals scheme. Lean Recruitment, in which we work towards a standard recruitment procedure, and Campus Recruitment are important themes in 2019. We also intend to pay attention to developing traineeships.

### Scarcity in the labour market

Scarcity in the IT labour market will increase in 2019 and subsequent years. Demand for IT professionals has been growing faster than the labour market can handle, partly due to current digitisation developments. IT is increasingly becoming an essential requirement for organisations, increasing 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: i.e. 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 therefore need to be identified so that they can be included in our recruitment strategy. Recruiting junior IT professionals will be a particular challenge given the tight labour market. In recent years, many companies have focussed on attracting junior employees, students and newcomers to the labour market. 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 more attention in 2019 and be developed further.

### New pension scheme

Ctac NV's pension scheme transferred from Avero Achmea to Zwitterleven PPI with effect from 1 January 2018. The value transfer was completed in 2018.

### 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 2018, the Works Council comprised four people. In mid-2018, a member of the Works Council left Ctac's employment. The Works Council is looking for new candidates. 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 2018. Recurring agenda items in these meetings are market and result trends, organisational changes, and the Human Resources policy. In 2018, the Works Council again made positive contributions, providing their opinion and/or consent on various matters, including:

- termination of Microsoft Dynamics activities;
- transition of Ctac employees to ProdWare;
- new policy on electric leased cars.

### Sustainable business

#### Corporate Social Responsibility within Ctac

Within Ctac, the long-term vision and continuity of the organisation are the most important themes regarding corporate social responsibility. 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 CO<sub>2</sub> 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 its 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 CO<sub>2</sub> 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. CO<sub>2</sub> emissions decreased substantially between 2010 and 2014. However, this objective will be maintained for the next few years.

In 2018, Ctac's CO<sub>2</sub> emissions were 1% less compared to our fuel consumption in 2017, i.e.: 11 tonnes of CO<sub>2</sub> less. With electric cars having been added to Ctac's terms of employment in 2019, the company expects a greater reduction in CO<sub>2</sub> 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 CO<sub>2</sub> 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 testing ground 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, for example, includes objectives related to mobility (reduction 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 has renewed the objective to reduce the CO<sub>2</sub> emissions of its car fleet. Ctac attaches great value to monitoring the CO<sub>2</sub> emissions resulting from its operations. This is why it has prepared a Carbon Footprint for several years in a row now. 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.

#### Ctac 2018 Carbon Footprint

The energy consumption data related to accommodation, the internal and external data centres, and employee mobility were used to calculate the overall CO<sub>2</sub> emission total for the Ctac organisation.

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; Scope 1, 2 and 3. The CO<sub>2</sub>-generating activities that Ctac has included in its calculations are defined for each scope.

Ctac's total emissions in the 2018 calendar year amounted to 1,772 tonnes of CO<sub>2</sub>. This represents a decrease in emissions of almost 1% compared to the 2017 calendar year. The main reason for this slight decrease is the fact that we have fewer diesel-fuelled lease cars. The number of lease cars has remained basically the same, but there has been an increase in the number of petrol-fuelled cars. The goal has thus been achieved. Lowering this CO<sub>2</sub> emission total once again is also an objective for 2019.

#### Scope 1

Scope 1 is concerned with the direct emission of greenhouse gases. The direct emission of CO<sub>2</sub> is caused by the use of fossil energy carriers (natural gas, petrol, etc). To calculate the CO<sub>2</sub> emissions, the use of fossil fuels is identified and converted into CO<sub>2</sub> 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 1,290 tonnes of CO<sub>2</sub> in 2018 (2017: 1,301 tonnes). The Scope 1 CO<sub>2</sub> emission accounts 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 CO<sub>2</sub> footprint also includes the indirect CO<sub>2</sub> emissions resulting from the consumption of electricity. While the conversion of electric power into 'usable' energy does not release any CO<sub>2</sub> 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 CO<sub>2</sub> emissions.

Ctac's total Scope 2 CO<sub>2</sub> emission was 478 tonnes in 2018. This remained unchanged compared to 2017. However, in 2018 this decreased indirectly by relocating to a new data centre. There was an overlap in the use of the old and new data centre so that the network connections would be safeguarded. Ctac is currently in the dismantling phase, which will ultimately result in less electricity being consumed.

#### Scope 3

Finally, an organisation has indirect CO<sub>2</sub> 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, CO<sub>2</sub> 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 CO<sub>2</sub> emission sources. Ctac's total CO<sub>2</sub> emissions in this scope in the 2018 calendar year amounted to 1.6 tonnes (in 2017: 1.6 tonnes).

## 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 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 value creation for all stakeholders through growth and a positive profitability trend. Ctac aims to achieve long-term value creation by structurally adjusting the technical and commercial activities as part of the strategy to each other and adapting the nature and size of the organisation accordingly. In 2017, but also in 2018, Ctac invested in new IP products such as XV Retail 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. The 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 and 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 once again in 2018. 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. The 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: in the event that Ctac acquires companies, its ultimate objective is to seamlessly integrate these companies within the Ctac organisation. 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.

- Ctac aims to realise approximately 50% of its total annual turnover from long-term management and hosting contracts and from the daily services demanded by our existing customer base. This objective was achieved in 2018. Here, Ctac serves some 600 customers in several different sectors. Ctac minimises any downside risks for its turnover 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. But 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 turnover and results. For example, every quarter, Ctac monitors how the situation for the next three years can be estimated 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. Impairment tests are performed every year. 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 back any deferred costs. Ctac is cautious as regards deferring costs. In addition, we check 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 and provides services and cloud services. 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.
- An important part of Ctac's turnover 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. For this purpose, Ctac has positioned its risk management system separately in the organisation in order to be able to thus identify and mitigate risks as effectively as possible. In 2015, all Project Management activities in the organisation were joined together, to be professionalised further. 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.
- In the unlikely event of Ctac not being able to deliver the cloud service or any other service level agreed, it runs the risk that performance and results are not or only partially achieved. Quality management in service provision is therefore an important aspect. Ctac is constantly improving the services that it provides to customers. This includes the security and safeguarding of the continuity of the cloud services, and information security. Ctac has chosen to act in accordance with the applicable NEN/ISO standards. These are embedded in the organisation and are part of the regular processes. Another important requirement is constantly working on the measuring and reporting of the effectiveness and efficiency of the controls that have been implemented. Ctac's cloud services and other services are regularly audited by external parties, as well as internally. Here too, effectiveness and suitability for the standards agreed are relevant topics. Ctac has invested in a process-based approach. Cross-border processes and resources are used where necessary. This applies in particular to the cloud services that Ctac offers its customers in the Netherlands and Belgium.

# Compliance with the Dutch Corporate Governance Code

- 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 turnover from a quantity point of view. That is why Ctac has a Human Resources policy aimed at creating a stimulating working environment in which there is room for growth, development, 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. Ctac has actually never needed to invoke these insurance policies.

## 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

The improved financial position and the operational progress achieved in 2018 have put Ctac in a good starting position for 2019.

Provided there are no special exogenous developments, Ctac expects to achieve a higher result in 2019 than it did in 2018.

## A word of thanks

The Board of Directors looks back on 2018 as a year of major and necessary changes in the areas of development and innovation. In combination with the challenging market conditions, this required great commitment and flexibility on the part of employees. We are therefore greatly indebted to them.

's-Hertogenbosch, 26 March 2019

The Board of Directors

Mr H.L.J. Hilgerdenaar (CEO)  
Mr D.G.H. van der Werf (CFO)

In principle, the Supervisory Board and the Board of Directors, which are jointly responsible for Ctac's corporate governance structure, endorse, and as far 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.
- The present members of the Board of Directors have not been appointed for a fixed term (2.2.1). The board members act on the basis of a strategic long-term perspective; limiting the term of appointment would not be in accordance with this long-term perspective.
- 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.
- Ctac is aware that behaviour and culture in its organisation are important in order for the company to achieve its objectives. This is therefore given ample attention in meetings between the Board of Directors, the Supervisory Board and the Works Council, and in meetings with employees. Ctac does not think it necessary to lay this down in a separate code of conduct (2.5.2).
- A possible compensation 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 that is consistent with the applicable legal provisions. The compensation in case of dismissal for Mr Van der Werf 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 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 was 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 appointment. For example, during the year under review, a new sales director was appointed who had a solid sales background and who took an intensive management training programme prior to his appointment. 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 to 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 appointment of the sales director is, once again, a good example, given his relatively young age compared to the other members of the Board or Directors, the Supervisory Board and senior 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 2018, the Board of Directors of Ctac consisted of Messrs Henny Hilgerdenaar and Douwe van der Werf. Further information about the members of the Board of Directors can be found on page 18.

### **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 elaborated in the report of the Supervisory Board. Further information about the members of the Supervisory Board can be found on page 19.

### **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.

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 to be published and also when this information is to be published. This guarantees the accurate and simultaneous provision of information to all shareholders.

# Report of the Supervisory Board

## Introduction

The strategic choice to enable the organisation to function as a Business & Cloud Integrator is bearing fruit. Furthermore, the strategic choice to start building an IP application for the real estate and retail markets, made in the previous year under review, has now led to contracts actually being signed.

This part of the strategy has thus proven its strength; after all, it is about the continuous development of the product and service portfolio.

## Composition of the Board of Directors

Mr Henny Hilgerdenaar served as Chief Executive Officer (CEO) and Chairman of the Board of Directors for the entire year. Mr Douwe van der Werf served as Chief Financial Officer (CFO) on the Board of Directors throughout the year. On 22 March 2019, Ctac N.V. announced the departure of Mr Van der Werf. Due to personal circumstances and in good consultation, Mr Van der Werf is stepping down as a director of Ctac N.V. with effect from the next General Meeting of Shareholders of Ctac N.V. Mr Van der Werf has been the CFO and a member of the Board of Directors since March 2012. On behalf of Ctac N.V., the Supervisory Board would like to thank Mr Van der Werf for his efforts and wish him every success in his future career. Following Mr Van der Werf's resignation, the Supervisory Board has started the process of searching for potential candidates for his position.

## Composition of the Supervisory Board

The Supervisory Board was composed of the following three members during the year under review: Mr Gert van de Weerdhof (Chairman), Mr Ed Kraaijenzank and Ms Liesbeth Karsten. The members of the Supervisory Board are appointed for a four-year term and may be re-elected twice.

The Supervisory Board has two separate committees: the Audit Committee and the Remuneration Committee. The composition of both committees is the same as the Supervisory Board, with Mr Kraaijenzank being the Chairman of the Audit Committee and Ms Karsten serving as Chairman of the Remuneration Committee.

Further information regarding the current members of the Supervisory Board can be found on page 19 of this annual report. The composition of the Supervisory Board complies with the Corporate Governance Code guidelines. The composition is well-balanced and such that the combination of experience, expertise and independence enables the Supervisory Board to carry out its tasks properly. In the opinion of the Supervisory Board, the stipulations of best practice provision III.2.1 have been satisfied. All Supervisory Board members are independent in the sense of best practice provision III.2.2.

## Activities of the Supervisory Board

### Activities

In the reporting year 2018, the Supervisory Board met eight times in the presence of the Board of Directors and five times as audit committee, as scheduled. All of the Supervisory Board members were present at practically all of the meetings. During the meetings with the Board of Directors, a number of fixed agenda items were discussed, including the strategy of which long-term value creation is a part, the budget, financial developments and results, market trends, employees' issues – among which the Works Council –, the organisational structure, the general and operational course of affairs, the remuneration policy and the execution and implications of this policy, as well as corporate governance. In addition, the strategy pursued by the company and the sharpening of its focus for the coming years were also discussed during several meetings. In these discussions, long-term value creation was the explicit subject of discussion, the interests of all stakeholders were clearly identified when weighing up interests, and aspects such as culture and diversity policy were integrally taken into account in the considerations. In addition, attention was regularly paid to the most important risks attached to the company's business operations. For more information, reference is made to pages 32 - 34 of this annual report. The structure and functioning of the internal risk management and risk control systems in connection with this were evaluated periodically and did not require any further action.

At each meeting, the Board of Directors informed the Supervisory Board of any organisational developments, particularly with regard to the filling of senior management and other relevant positions.

The existing management potential at senior management level was considered in the context of the succession plan. Partly in the light of Ctac's diversity policy, the Supervisory Board supports Ctac's efforts to achieve a better balance in the ratio between men and women. The Supervisory Board also appreciates the Board of Directors' efforts to expand current management with competent staff from within the organisation and thus lay the basis for a new generation of management. This line will also be continued in the new year under review.

Specific subjects that were addressed in 2018 were the strategic priority areas, increasing demand for ICT projects in combination with the scarcity in the labour market, and the opportunities to further strengthen Ctac's positioning, particularly in the field of consultancy. Specific themes such as the funding of Ctac and data centre facilities were also discussed in detail.

In 2018, the full Supervisory Board had a couple of meetings without the Board of Directors. The functioning of the Supervisory Board itself, as well as the functioning and the composition of the Board of Directors, were discussed during these meetings. Various other subjects were also discussed then as well. This concerns subjects such as the quality and timeliness of the information, the substantiation of proposals and evaluation of decisions taken within the context of the company strategy, security, privacy, and the grip on foreseen and unforeseen events. In particular, these meetings discussed the progress of the repositioning of the Belgian activities, as well as the status of the ongoing legal proceedings. The Supervisory Board obtained independent advice on a single point. In addition, issues such as the balance between involvement and keeping distance, the interaction between the Board of Directors, Supervisory Board and Works Council, the communication and personal relationships, the balance in the composition of the Board of Directors, knowledge and expertise, the profile of the Supervisory Board and the fulfilment of the role of chairman of the Supervisory Board were addressed.

In addition to the formal meetings, there were regular contacts in the interim about current developments, both among the Supervisory Board members themselves as with the members of the Board of Directors. A member of the Supervisory Board also attended a meeting of the Works Council in 2018.

The Supervisory Board has taken note of the management letter and the auditor's report and discussed it with the external auditor in the presence of the Board of Directors. Special attention was devoted to the IFRS provisions that are applicable to Ctac and compliance with the Dutch Corporate Governance Code.

Finally, the annual meeting with the 'Stichting Continuïteit' (Continuity Foundation) took place in the presence of the Board of Directors.

## Remuneration of the Board of Directors

As is the case every year, the remuneration policy was assessed by the remuneration committee in terms of trends and basic principles, and elements based on this were either confirmed or adjusted. This year's assessment resulted in a change in gross salaries and the associated pension contributions of the CEO and the CFO, in line with the general increase in salaries at Ctac.

In line with these basic principles, the members of the Board of Directors receive a remuneration that is determined each year and consists of a base salary and a variable remuneration. The fixed part

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

of the remuneration is in line with the remuneration of comparable companies and the variable part of the remuneration is related to the fixed part of the remuneration. The variable remuneration distinguishes between short-term and long-term performance. The variable part of the remuneration of the members of the Board of Directors is based on a number of Key Performance Indicators (KPIs). Together these KPIs form a weighted average of the percentage of the variable part of the remuneration. It must also be pointed out in this context that the continuity of the company in the longer term was decisive in putting together and weighting the KPIs. The KPIs consist of financial data, such as the balance sheet strength, the income statement, cash flow and price trends. For additional details about the remuneration policy and the remuneration of the members of the Board of Directors, reference is made to the remuneration report on pages 74 - 76 of this report and to the Ctac corporate website ([www.ctac.nl](http://www.ctac.nl)).

## Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board is not linked to the results of the company. The General Meeting of Shareholders determines the remuneration of the Supervisory Board. After the remuneration had not changed for years, a benchmark study led to a proposal for a change and this change was approved in the General Meeting of Shareholders of 10 May 2017. None of the Supervisory Board members owns Ctac shares and/or options on Ctac shares. Reference is made to pages 74 - 76 of this report for the remuneration report of the Supervisory Board.

## Financial statements and discharge

The 2018 financial statements and annual report prepared by the Board of Directors were submitted to the Supervisory Board and discussed in detail. BDO Audit & Assurance B.V. has audited the 2018 financial statements and has issued an unqualified audit opinion on them. The audit opinion is included on pages 86 - 87 of this annual report.

The Supervisory Board has established that the report of the Board of Directors over 2018 satisfies the

requirements of transparency and that the 2018 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 2018 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

Ctac ended the financial year 2018 with a net result of EUR 1,715 thousand attributable to group shareholders.

The proposal submitted to the General Meeting of Shareholders is to pay out a dividend of EUR 0.08 per share. Shareholders of ordinary shares have the option of receiving a dividend, either in cash or in the form of ordinary shares; this will 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.

Assuming the adoption of the 2018 financial statements, the General Meeting of Shareholders is requested to grant their approval of the proposed appropriation of the result, as determined by the Board of Directors with the approval of the Supervisory Board.

### Corporate governance

Ctac's corporate governance structure is a joint responsibility of the Supervisory Board and the Board of Directors. At least once a year, the Supervisory Board evaluates the corporate governance regulations that apply to the company and gives advice on any changes. In addition, corporate governance is placed on the agenda and discussed during the annual General Meeting of Shareholders. Since 2003, Ctac has also dedicated a separate section of the annual report to compliance with the Dutch Corporate Governance Code.

The Supervisory Board and the Board of Directors subscribe to and apply 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. Reference is made to pages 35 - 36 of this report for a list of the points.

### A word of thanks

2018 was a year in which great efforts were made within Ctac to properly position its in-house developed Retail, Real Estate and iPaas applications - the 'IP projects' - in the market. These developments drew heavily on our employees' efforts, flexibility and resilience. In spite of the pressure on the result, these efforts brought about positive developments for Ctac so that we are better placed for the future.

The Supervisory Board would like to express its appreciation to all employees, the management and the Board of Directors for their contribution.

's-Hertogenbosch, 26 March 2019

The Supervisory Board

Mr G. van de Weerdhof, Chairman  
Mr E. Kraaijenzank  
Ms E. Karsten

# Financial Statements

Consolidated balance sheet as at 31 december (in EUR x 1,000)	2018	2017
<b>ASSETS</b>		
<b>Fixed assets</b>		
8) Goodwill	13,885	13,885
8) Other intangible fixed assets	3,684	2,163
9) Tangible fixed assets	1,374	1,760
10) Deferred tax credits	1,234	1,147
11) Other receivables	70	70
	<b>20,247</b>	<b>19,025</b>
<b>Current assets</b>		
13) Trade receivables and other receivables	19,580	20,593
Corporation tax owed	207	-
14) Cash and cash equivalents	379	-
	<b>20,166</b>	<b>20,593</b>
	<b>40,413</b>	<b>39,618</b>
<b>LIABILITIES</b>		
<b>15) Shareholders' equity</b>		
Issued and paid-up capital	3,074	3,037
Share premium reserve	11,725	11,762
Other reserves	2,582	282
Result for the financial year	1,715	2,800
Accruing to group shareholders	19,096	17,881
Minority interests	19	20
<b>Group equity</b>	<b>19,115</b>	<b>17,901</b>
<b>Long-term liabilities</b>		
16) Other long-term liabilities	261	781
10) Deferred tax liabilities	114	202
	<b>375</b>	<b>983</b>
<b>Current liabilities</b>		
14) Amounts owed to banks	656	2,159
17) Provisions	1,100	197
18) Trade payables and other debts	19,167	18,125
Corporation tax due	-	253
	<b>20,923</b>	<b>20,734</b>
	<b>40,413</b>	<b>39,618</b>

Consolidated profit and loss account for (in EUR x 1,000)	2018	2017
6) Turnover from contracts with customers	82,998	81,597
Cost of hardware and software	9,153	8,385
Outsourced work	17,415	15,935
Cost of goods sold	(26,568)	(24,320)
<b>Gross margin</b>	<b>56,430</b>	<b>57,277</b>
19) Personnel costs	38,904	38,444
Depreciation and amortisation	990	1,020
20) Other operating expenses	14,124	14,144
Total operating expenses	(54,018)	(53,608)
<b>Operating result</b>	<b>2,412</b>	<b>3,669</b>
Interest income and similar income	1	5
Interest expenses and similar expenses	(43)	(92)
Other financial expenses	(70)	(80)
21) Total financing income and expenses	(112)	(167)
<b>Result from ordinary activities before taxes</b>	<b>2,300</b>	<b>3,502</b>
22) Taxes	(585)	(702)
<b>Net result</b>	<b>1,715</b>	<b>2,800</b>
Accruing to minority interests	-	-
Accruing to group shareholders	1,715	2,800
23) Profit per share		
<b>Net result per share (EUR)</b>	<b>0.13</b>	<b>0.22</b>
<b>Net result per share after dilution (EUR)</b>	<b>0.13</b>	<b>0.22</b>
Number of ordinary shares at year-end	12,807,082	12,655,648
Weighted number of average outstanding ordinary shares	12,756,604	12,597,253
Weighted number of average outstanding ordinary shares for the calculation of the diluted earnings per share	12,756,604	12,597,253

Consolidated statement of the total result for (in EUR x 1,000)	2018	2017
Net result for the financial year	1,715	2,800
Other total result, not recognised in the result	-	-
<b>Total result for the financial year</b>	<b>1,715</b>	<b>2,800</b>

**Consolidated statement of changes in shareholders' equity in 2018**

(in EUR x 1,000)

	Issued share capital	Share premium reserve	Other reserves	Undistri- buted profit	Accruing to group share- holders	Minority interests	Group equity
<b>Balance as at 1 January</b>	<b>3,037</b>	<b>11,762</b>	<b>282</b>	<b>2,800</b>	<b>17,881</b>	<b>20</b>	<b>17,901</b>
Net result for the financial year	-	-	-	1,715	1,715	-	1,715
<b>Total result for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,715</b>	<b>1,715</b>	<b>-</b>	<b>1,715</b>
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)
<b>Total transactions with shareholders</b>	<b>37</b>	<b>(37)</b>	<b>2,300</b>	<b>(2,800)</b>	<b>(500)</b>	<b>(1)</b>	<b>(501)</b>
<b>Balance as at 31 December</b>	<b>3,074</b>	<b>11,725</b>	<b>2,582</b>	<b>1,715</b>	<b>19,096</b>	<b>19</b>	<b>19,115</b>

\*) Relates to the distribution of a dividend to minority shareholders.

**Consolidated statement of changes in shareholders' equity in 2017**

(in EUR x 1,000)

	Issued share capital	Share premium reserve	Other reserves	Undistri- buted profit	Accruing to group share- holders	Minority interests	Group equity
<b>Balance as at 1 January</b>	<b>3,004</b>	<b>11,795</b>	<b>(1,964)</b>	<b>2,610</b>	<b>15,445</b>	<b>22</b>	<b>15,467</b>
Net result for the financial year	-	-	-	2,800	2,800	-	2,800
<b>Total result for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,800</b>	<b>2,800</b>	<b>-</b>	<b>2,800</b>
Appropriation of the result in previous financial year	-	-	2,246	(2,246)	-	-	-
Dividend	33	(33)	-	(364)	(364)	-	(364)
Paid to third-party share	-	-	-	-	-	(2)*	(2)
<b>Total transactions with shareholders</b>	<b>33</b>	<b>(33)</b>	<b>2,246</b>	<b>(2,610)</b>	<b>(364)</b>	<b>(2)</b>	<b>(366)</b>
<b>Balance as at 31 December</b>	<b>3,037</b>	<b>11,762</b>	<b>282</b>	<b>2,800</b>	<b>17,881</b>	<b>20</b>	<b>17,901</b>

\*) Concerns payment of dividend to minority shareholders.

Consolidated cash flow statement for (in EUR x 1,000)	2018	2017
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**CASH FLOW STATEMENT**

Operating result	2,413	3,669
Depreciation of tangible fixed assets	705	802
Amortisation of intangible fixed assets	285	218
Change in provisions	903	(49)
Valuation differences of earn-out obligations	167	95
	4,473	4,735
Changes in working capital		
Receivables	1,014	1,191
Short-term debts	1,158	(2,898)
	2,172	(1,707)
<b>Cash flow from business operations</b>	<b>6,645</b>	<b>3,028</b>
Interest received	1	5
Interest paid	(51)	(101)
Tax on profits paid	(1,213)	(812)
	(1,263)	(908)
<b>Cash flow from operating activities</b>	<b>5,382</b>	<b>2,120</b>
Investments in tangible fixed assets	(319)	(381)
Investments in intangible fixed assets	(1,806)	(1,544)
<b>Cash flow from investment activities</b>	<b>(2,125)</b>	<b>(1,925)</b>
Payment of earn-out obligations	(874)	(301)
Payment to third-party share	(1)	(2)
Dividend	(500)	(364)
<b>Cash flow from financing activities</b>	<b>(1,375)</b>	<b>(667)</b>
	<b>1,882</b>	<b>(472)</b>
Cash and cash equivalents	-	-
Short-term debts owed to banks	(2,159)	(1,687)
Balance of cash and cash equivalents as at 1 January	(2,159)	(1,687)
Cash and cash equivalents	379	-
Short-term debts owed to banks	(656)	(2,159)
Balance of cash and cash equivalents as at 31 December	(277)	(2,159)
	<b>1,882</b>	<b>(472)</b>

**Notes to the consolidated financial statements**

**1. General information about Ctac**

Ctac is a Business & Cloud Integrator, providing a broad portfolio of SAP solutions 'on any cloud', as well as business consultancy, managed services, project, learning and secondment services. Ctac also has some products of its own, including the XV Retail Suite which consists of an omni-channel-driven, Point-of-Sale & Loyalty platform.

Ctac is the largest SAP reseller in the Netherlands for medium-sized companies. Ctac's customer base consists of approximately six hundred organisations of every size and in various sectors. At year-end 2018, Ctac employed 424 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).

**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 2017 have been reclassified to enable comparison with those for 2018.

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.

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

Only those standards that, once they are applied in the future, are expected to have an impact on the explanatory notes, or Ctac's financial position or results, have been mentioned.

Ctac started applying the IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' standards on 1 January 2018. This application required that changes be made to previous reporting periods. IFRS 16 'Leases' was first applied with effect from 1 January 2019. The nature and scope of the changes are explained in more detail below.

**IFRS 9 'Financial Instruments'**

This standard has replaced IAS 39 'Financial Instruments: Recognition and Measurement'. The standard gives an explanation of the classification and valuation, impairment and hedge accounting of financial instruments. This standard became effective on 1 January 2018. Ctac has applied the new standard retrospectively with effect from 1 January 2018, and, where necessary, the comparative figures have been adjusted for periods that started on 1 January 2017.

IFRS 9 requires recognition of an expected credit loss on trade receivables and contract assets based on the expected settlement period of these assets. Ctac uses the 'simplified approach', i.e. the provision is determined on the basis of historical credit losses on trade receivables and contract assets adjusted for economic developments and future expectations relevant to the specific receivables. This approach does not result in a valuation that is materially different from if IAS 39 were applied.

The application of IFRS 9 does not affect Ctac's financial position and assets.

**IFRS 15 'Revenue from Contracts with Customers'**

This standard replaces IAS 18 'Revenue Recognition' and IAS 11 'Construction Contracts'. This standard became effective on 1 January 2018.

This standard is based on a five-step plan. The basic principle is that turnover is recognised in the accounts at the amount expected to be received in exchange for the goods and services provided. The standard requires an assessment of all relevant factors and circumstances regarding contracts with customers when applying each individual step of the five-step plan. In addition, the standard specifies the recognition of costs associated with obtaining a contract and costs directly associated with fulfilling the obligations arising from the contract.

Ctac applies the 'full retrospective approach' to the transition to IFRS 15.

The application of IFRS 15 has no effect on the balance sheet position and equity at year-end 2016 and year-end 2017. The application of IFRS 15 does not lead to a material change in how turnover is recognised for the services provided by Ctac. It has no material impact on the recognised turnover, margin and net result in either 2016 or 2017.

**IFRS 16 'Leases'**

This standard became mandatory on 1 January 2019 and has replaced IAS 17 'Leases'.

On the basis of this standard, almost all lease contracts which currently qualify as operating leases will be treated in a similar way to financial leases. When a lease contract is entered into, the lessee shall recognise an obligation in respect of future lease payments with simultaneous recognition of the right of use of the underlying asset during the term of the lease.

Since Ctac has a large number of operational hardware and passenger car lease contracts and a number of long-term real estate lease contracts, the application of IFRS 16 will have a significant impact on Ctac's consolidated financial statements.

Application of the new standard will lead to a substantial increase in total assets and liabilities. In addition, EBITDA will increase as a consequence of shifting lease payments under operating leases from operating expenses to depreciation and interest charges. Under the new standard, lease contracts will also have an impact on how the result is spread over time as a consequence of the fact that the financing component in the lease term at the start of the contract term is greater than at the end of the contract term (i.e. 'front-loading').

At year-end 2018, Ctac made a detailed estimate of the impact of applying IFRS 16 with effect from 1 January 2019. Ctac has opted for transition using the modified retrospective approach, with the lease asset being valued as if IFRS 16 had always been applied. Based on the contracts that already existed by year-end 2018, the expected impact on the financial position as at 1 January 2019 is as follows:

- i) recognition of a fixed asset / right of use of approximately EUR 6.9 million and
- ii) recognition of a lease liability of approximately EUR 7.6 million;
- iii) the expected impact on equity is expected to be approximately EUR 0.6 million negative and the deferred tax liability which is to be created will be approximately EUR 0.2 million.

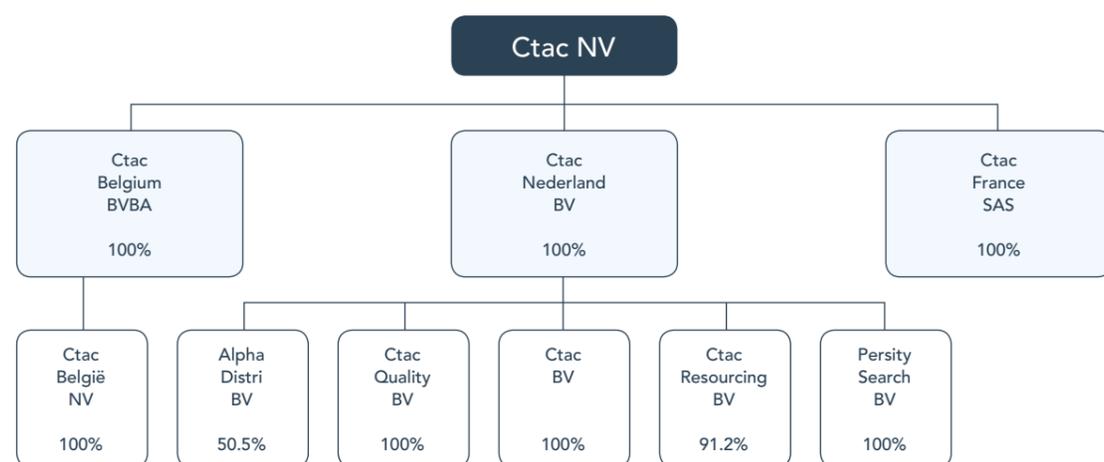
The expected impact on the result before tax for 2019 is approximately EUR 0.1 million positive. Application of the new standard will have no material effect on the covenant calculation as defined in the financing agreement. Operating lease commitments have already been identified separately in the financing agreement, both in the definition of 'net debt' and in the definition of 'EBITDAL'.

**2.1 Accounting principles for consolidation**

The consolidation includes Ctac N.V. and all participations over which Ctac has authority, or in which Ctac is exposed to, or has rights to any variable revenues arising from its involvement in the participations and where it has the opportunity to exercise its authority over the participations in order to influence the size of Ctac's revenues.

The consolidation includes the following participations:

Participations	Place of business	Participation as a %	
		year-end 2018	year-end 2017
Ctac Nederland B.V.	's-Hertogenbosch	100	100
Alpha Distri B.V.	's-Hertogenbosch	50.5	50.5
Ctac Quality B.V.	's-Hertogenbosch	100	100
Ctac B.V.	's-Hertogenbosch	100	100
Ctac Resourcing B.V.	's-Hertogenbosch	91.2	75.5
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 financial statements of the majority participations have been included in the consolidated financial statements as from the date on which decisive control was acquired until the time that decisive control ceased to exist.

The cost price of a newly acquired participation is determined based on the fair value on the transaction date of the liquid assets and, if applicable, the equity instruments (in this case shares) used to finance the acquisition. Goodwill is determined based on the difference between the cost price of the acquisition and the net fair value of the acquired identifiable assets and liabilities, including contingent liabilities at the time of the acquisition. If the cost price of the participation is lower than the fair value of the assets and liabilities, including contingent liabilities of the participation in question, this difference is recognised in favour of the result.

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

The accounting principles for 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 purchase method of accounting. Goodwill that may result from the acquisition of participations is determined based on the difference between the cost price of the acquisition and the net fair value of the acquired identifiable assets and liabilities, including contingent liabilities at the time of the acquisition. 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.

In the situation of a minority interest, without agreements about acquiring the share of third parties, goodwill is determined as the difference between the acquisition price and the proportional part of the fair values of the acquired assets and liabilities.

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 accruing the earn-out obligations are recognised in the financing 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.

**2.3.4 Intellectual property rights related to developed products**

These intangible fixed assets pertain to products developed in-house and distribution rights connected thereto.

Development costs of products developed are only capitalised when it is probable that economic benefits arising from the investment will be generated for a period longer than one year.

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 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
- intellectual property rights 7 years
- intangible fixed assets related to developed products 5-10 years

The amortisation periods are evaluated annually and adjusted when necessary.

**2.4 Tangible fixed assets**

**2.4.1 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.

**2.4.2 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% - 20%
- computer equipment and software 20% - 33 1/3%
- 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.

**2.5 Financial instruments**

**2.5.1 Financial instruments other than derived financial instruments**

The financial instruments other than derived financial instruments include:

- financial fixed assets (section 11),
- trade receivables and other receivables (section 13),
- liquid assets and short-term amounts owed to banks (section 14),
- other long-term liabilities (section 16),
- trade payables and other debts (section 18).

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, turnover 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, turnover 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 turnover (see accounting principle 2.11).

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

**2.5.2 Derived financial instruments (derivatives)**

Ctac does not have any derived financial instruments.

**2.6 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.

**2.6.1 Calculation of the recoverable amount**

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.

**2.6.2 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.

**2.7 Shareholders' equity**

**2.7.1 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 2018, the issued share capital consisted of 12,807,082 ordinary shares and 1 priority share. All issued shares are fully paid up.

Changes in the volumes of outstanding shares are as follows:

	2018		2017	
	Ordinary	Priority	Ordinary	Priority
Balance as at 1 January	12,655,648	1	12,515,497	1
Repurchases of shares during the financial year	-	-	-	-
Sale/issue of shares during the financial year	151,434	-	140,151	-
Balance as at 31 December	12,807,082	1	12,655,648	1

In 2018, 151,434 shares (2017: 140,151 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.

**2.7.2 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 2018, no own shares were held by Ctac N.V. or by any of its subsidiaries.

**2.7.3 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.

**2.7.4 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.

**2.8 Long-term liabilities**

**2.8.1 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.

**2.8.2 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 2018 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 turnover 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.

## 2.9 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 cash value of the future payments in the context of the anniversary, with due consideration being provided to expected future employee turnover.

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.

## 2.10 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.

## 2.11 Turnover 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.

### 2.11.1 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.

### 2.11.2 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).

If the goods or services in the contract are interrelated to such an extent that performance obligations cannot be identified, the company will recognise the combined contract as if it were a single performance obligation.

### 2.11.3 Determining the transaction price & 2.11.4 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 turnover 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 there are one-off costs (such as set-up, installation and taking over management), these costs 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 turnover 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 turnover at regular intervals.

### *Hardware sales*

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

### 2.11.5 Recognition of revenue when the company complies with a performance obligation

Ctac recognises the turnover 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 an ongoing transfer during the term of the contract, as is the case when providing services. Turnover 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 turnover 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 turnover already recognised and the current estimate of the total turnover 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. Turnover 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**

Turnover 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 turnover every month.

#### **Project agreements**

If fixed price agreements apply, turnover 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, turnover will be recognised based on the amounts invoiced (hours spent x hourly rate).

#### **License sales**

Ctac recognises the turnover 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 a license is extended as a result of license measurements, such turnover 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 turnover 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 turnover is recognised. The turnover share attributable to work performed in respect of the hardware is also recognised at that time.

## **2.12 Expenses**

### **2.12.1 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.

### **2.12.2 Pension costs**

Employees at Ctac build up their own pensions themselves and at their own risk (defined contribution pension scheme). Ctac's pension contribution is recognised under personnel costs.

### **2.12.3 Operational lease payments/rents**

Operational lease payments are recognised in the profit and loss account on a straight-line basis over the lease period. Rent for buildings is also recognised in the profit and loss account on a straight-line basis over the lease period.

### **2.12.4 Financing income and expenses**

Financing income includes the interest received on current account balances with financial institutions and interest received in connection with the settlement of financial claims. Financing 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. 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.

## **2.13 Taxes on the result**

Taxes 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 credit is realised or the deferred tax liability is paid.

Deferred tax credits 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 credits 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 20 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 eurozone. 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. At year-end 2018, as well as at year-end 2017, Ctac had no long-term, interest-bearing bank loans. Ctac has taken out short-term, interest-bearing bank loans at a variable base rate. The interest rate is one-month Euribor plus a surcharge. If during 2018, 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 2018.

#### **4.1.2 Exchange rate risk**

All companies within Ctac are located in the eurozone. The large majority of turnover 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 2018.

### **4.2 Credit risk**

At Ctac, credit risk management is centralised. 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 clients are continually assessed. Ctac N.V.'s Board of Directors is of the opinion that the credit risk relating to clients is limited.

### **4.3 Liquidity risk**

At Ctac, liquidity management is centralised. 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 2018, the ratio was 0.7 (2017: 0.8). The average amount drawn on the credit facility in 2018 was EUR 0.4 million.

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.

#### 4.4 Capital risk management

At Ctac, the management of capital is centralised 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 2018 was approx. 47.3% (year-end 2017: approx. 45.1%). Impairment, if any, of goodwill has a major effect on solvency. Solvency, excluding goodwill, was approx. 19.6% at year-end 2018 (year-end 2017: approx. 15.5%).

#### 4.5 Project risk

Ctac has different contract forms 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

#### 5.1 Estimates with regard to impairment of goodwill

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 using current and historical results per asset. For each asset, a detailed forecast is made for the coming year and forecasts are made for the mid and long-term based on assumptions

for turnover growth and margin development. Cash flows after a period of five years are extrapolated with low growth percentages. The assumptions used are acceptable in the sector in which Ctac is active.

#### 5.2 Estimates of turnover from contracts with customers

Ctac recognises turnover in its accounts at the amount expected to be received in exchange for the goods and services provided (see principle 2.11). 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 with regard to earn-out obligations

For the purpose of the earn-out obligations, the future results for each entity are estimated on the basis of a detailed forecast for the coming year and forecasts based on conservative assumptions for turnover growth and margin development for future years. The calculation of the obligations based on the estimated results is consistent with the underlying contracts.

### 6. Revenue from contracts with customers

#### 6.1 Revenue from contracts with customers

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

Nature of the goods or services (in EUR x 1,000)	2018	2017
License and hardware sales	3,683	3,360
Management and hosting contracts	31,219	29,431
Secondment assignments and project agreements	39,688	40,024
Maintenance contracts	8,408	8,782
<b>Total revenue from contracts with customers</b>	<b>82,998</b>	<b>81,597</b>

Timing of recognition of turnover (in EUR x 1,000)	2018	2017
Goods transferred 'at point of time'	3,683	3,360
Services provided 'over time'	79,315	78,237
<b>Total revenue from contracts with customers</b>	<b>82,998</b>	<b>81,597</b>

#### 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)	1 January 2017	31 December 2017	31 December 2018
Trade receivables	15,046	14,262	13,541
Turnover still to be invoiced with regard to contracts based on subsequent costing and fixed monthly instalments	5,074	5,140	4,953
Contract assets	611	122	392
Contractual obligations	(2,907)	(2,111)	(1,530)

Trade receivables are non-interest-earning and have payment terms varying between 30 and 90 days. Invoicing takes place immediately after the goods or service has been provided, 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.

Turnover 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 a 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, turnover still to be invoiced and contract assets of approx. EUR 1.9 million was recognised at year-end 2018 (year-end 2017: approx. EUR 1.2 million).

The contractual obligations relate to amounts already invoiced to customers where the services in question still need to be provided. This turnover 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 2018 will lead to turnover in the years after 2019. The contractual obligations that were recognised by year-end 2017 lead to EUR 1.7 million in turnover in 2018.

Expiry of contractual obligations (in EUR x 1,000,000)	Within 1 year	Within 1-2 years	After 2 years
Contractual obligations year-end 2017	1.7	-	0.4
Contractual obligations year-end 2018	1.0	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 turnover 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 'France and Other' which consists of France and the other activities, including the holding.

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 2018 can be specified as follows:

#### 2018 Results

(in EUR x 1,000)

	The Netherlands	Belgium	France and Other	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
Financing income	-	-	100	(99)	1
Financing expenses	(63)	(39)	(40)	99	(43)
Financing income and expenses earn-out obligations	-	-	(70)	-	(70)
Result before tax	3,468	(659)	(509)	-	2,300
Taxes	(716)	109	22	-	585
<b>Net result</b>	<b>2,752</b>	<b>(550)</b>	<b>(487)</b>	-	<b>1,715</b>

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

The segmented results over the year 2017 can be specified as follows:

#### 2017 Results

(in EUR x 1,000)

	The Netherlands	Belgium	France and Other	Inter-segment eliminations	Consolidated
Revenue from contracts with customers	72,497	14,080	386	(5,366)	81,597
Operating result	4,353	118	(802)*	-	3,669
Financing income	2	-	94	(91)	5
Financing expenses	(58)	(41)	(84)	91	(92)
Financing income and expenses earn-out obligations	-	-	(80)	-	(80)
Result before tax	4,297	77	(872)	-	3,502
Taxes	(817)	(99)	214	-	(702)
<b>Net result</b>	<b>3,480</b>	<b>(22)</b>	<b>(658)</b>	-	<b>2,800</b>

\* Including EUR 200,000 in operating result Other.

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	France and Other	Eliminations	Consolidated
Total assets	50,338	8,995	83,905	(102,825)	<b>40,413</b>
Total liabilities	15,246	8,945	36,280	(39,173)	<b>21,298</b>

The assets and liabilities per segment by year-end 2017 can be specified as follows:

#### Assets and liabilities year-end 2017

(in EUR x 1,000)

	The Netherlands	Belgium	France and Other	Eliminations	Consolidated
Total assets	46,151	8,852	79,296	(94,681)	<b>39,618</b>
Total liabilities	13,811	8,250	35,336	(35,680)	<b>21,717</b>

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	France and Other	Consolidated
Intangible fixed assets	74	-	211	285
Tangible fixed assets	300	25	380	705
<b>Total amortisation</b>	<b>374</b>	<b>25</b>	<b>591</b>	<b>990</b>

#### Investments in 2018

(in EUR x 1,000)

	The Netherlands	Belgium	France and Other	Consolidated
Intangible fixed assets	1,753	-	53	1,806
Tangible fixed assets	129	1	189	319
<b>Tangible fixed assets</b>	<b>1,882</b>	<b>1</b>	<b>242</b>	<b>2,125</b>

#### 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 other segmented information regarding the profit and loss account of 2017 is as follows:

#### Depreciation and amortisation 2017

(in EUR x 1,000)

	The Netherlands	Belgium	France and Other	Consolidated
Intangible fixed assets	-	-	218	218
Tangible fixed assets	391	25	386	802
<b>Total amortisation</b>	<b>391</b>	<b>25</b>	<b>604</b>	<b>1,020</b>

#### Investments in 2017

(in EUR x 1,000)

	The Netherlands	Belgium	France and Other	Consolidated
Intangible fixed assets	1,494	-	50	1,544
Tangible fixed assets	164	15	202	381
<b>Tangible fixed assets</b>	<b>1,658</b>	<b>15</b>	<b>252</b>	<b>1,925</b>

#### 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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Total acquisition value	26,198	26,198	2,086	2,086	3,042	1,564	1,048	982	32,374	30,830
Total depreciation and impairments	(12,313)	(12,313)	(2,086)	(2,070)	(1,564)	(1,564)	(363)	(161)	(16,326)	(16,108)
<b>Book value as at 1 January</b>	<b>13,885</b>	<b>13,885</b>	<b>-</b>	<b>16</b>	<b>1,478</b>	<b>-</b>	<b>685</b>	<b>821</b>	<b>16,048</b>	<b>14,722</b>
Produced in-house	-	-	-	-	1,753	1,478	-	-	1,753	1,478
Investments	-	-	-	-	-	-	53	66	53	66
Divestments	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	(16)	(71)	-	(214)	(202)	(285)	(218)
<b>Book value as at 31 December</b>	<b>13,885</b>	<b>13,885</b>	<b>-</b>	<b>-</b>	<b>3,160</b>	<b>1,478</b>	<b>524</b>	<b>685</b>	<b>17,569</b>	<b>16,048</b>
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)
<b>Book value as at 31 December</b>	<b>13,885</b>	<b>13,885</b>	<b>-</b>	<b>-</b>	<b>3,160</b>	<b>1,478</b>	<b>524</b>	<b>685</b>	<b>17,569</b>	<b>16,048</b>

#### 8.1 Impairments and reversals of impairments

In 2018, as in 2017, 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 2019 budgets, and, for the following years, forecasts are prepared based on assumptions for turnover 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.

Since 2017, Ctac has recognised two more cash-generating units (CGU) to which goodwill can be allocated: the CGU 'Ctac Nederland' (formerly Ctac Consulting and Ctac Cloud Services) 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 14.8%. This is based on a non-risk-bearing interest rate of 0.7% (30-year German government bond), a market risk premium of 5.5% and a unit market premium of 7%, a re-levered industry beta of 0.75 and a (E/(D+E)) ratio of 7.7%.

The risk premium for the impairment differs per activity depending on market and size, depending on consultancy or product sales, and depending on size and growth.

Similar to 2017, 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 EBITA is lowered by 10% does not result in an impairment either.

The allocation of goodwill to the CGUs did not change in 2018. In 2018, 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

The investment in intangible fixed assets related to products that have been developed concerns the development costs of the Fit4Woco application and a new release of the XV Retail cash desk software. An assessment was carried out during the financial year into how future cash flows (value in use of the asset) relates to the book value of the asset. There was no impairment on this basis.

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. Tangible 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)								
	Building adjustments leased buildings		Computers		Fixtures and fittings		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Total acquisition value	1,362	1,350	4,469	4,632	573	590	6,404	6,572
Total amortisation	(727)	(591)	(3,487)	(3,381)	(430)	(419)	(4,644)	(4,391)
<b>Book value as at 1 January</b>	<b>635</b>	<b>759</b>	<b>982</b>	<b>1,251</b>	<b>143</b>	<b>171</b>	<b>1,760</b>	<b>2,181</b>
Investments	17	12	280	323	22	46	319	381
Divestments	-	-	-	-	-	-	-	-
Depreciation and amortisation	(136)	(136)	(500)	(592)	(69)	(74)	(705)	(802)
<b>Book value as at 31 December</b>	<b>516</b>	<b>635</b>	<b>762</b>	<b>982</b>	<b>96</b>	<b>143</b>	<b>1,374</b>	<b>1,760</b>
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)
<b>Book value as at 31 December</b>	<b>516</b>	<b>635</b>	<b>762</b>	<b>982</b>	<b>96</b>	<b>143</b>	<b>1,374</b>	<b>1,760</b>

#### 9.1 Investments and divestments

The investments in computers during 2018 mainly concern investments in laptops, servers and storage capacity.

#### 9.2 Impairments and reversals of impairments

Ctac did not recognise any impairment of tangible fixed assets in 2018. Furthermore, no impairments recognised in earlier years were reversed in 2018.

### 10. Deferred taxes

Deferred taxes can be specified as follows:

	2018	2017
(in EUR x 1,000)		
Deferred tax credits	1,234	1,147
Deferred tax liabilities	114	202
<b>Total deferred taxes</b>	<b>1,120</b>	<b>945</b>

Changes in deferred tax credits can be specified as follows:

	2018	2017
(in EUR x 1,000)		
<b>Balance as at 1 January</b>		
Recognised rights to compensate losses	1,016	884
Unrealised IC results	131	196
<b>Total deferred tax credits</b>	<b>1,147</b>	<b>1,080</b>
<b>Recognised in the profit and loss account</b>		
Regarding recognised rights to compensate losses	156	132
Regarding unrealised IC results	(69)	(65)
<b>Balance as at 31 December</b>		
Recognised rights to compensate losses	1,172	1,016
Unrealised IC results	62	131
<b>Total deferred tax credits</b>	<b>1,234</b>	<b>1,147</b>

The rights to compensate losses against taxable profits are recognised when it is expected that losses available for set-off against tax will be set off (total year-end 2018: approximately EUR 4.9 million, year-end 2017: approximately EUR 4.2 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:

	2018	2017
(in EUR x 1,000)		
<b>Balance as at 1 January</b>		
Intangible fixed assets	156	210
Discounting of earn-out obligation	46	66
<b>Total deferred tax liabilities</b>	<b>202</b>	<b>276</b>
<b>Recognised in the profit and loss account</b>		
In respect of intangible fixed assets	(61)	(54)
In respect of discounting of earn-out obligation	(27)	(20)
<b>Balance as at 31 December</b>		
Intangible fixed assets	95	156
Discounting of earn-out obligation	19	46
<b>Total deferred tax liabilities</b>	<b>114</b>	<b>202</b>

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.

#### 11. Other receivables

Other receivables can be specified as follows:

	2018	2017
(in EUR x 1,000)		
<b>Balance as at 1 January</b>	<b>70</b>	<b>70</b>
Deposit payment	-	-
<b>Balance as at 31 December</b>	<b>70</b>	<b>70</b>

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 70,000 was paid for this. This contract will be effective until 2022.

#### 12. Financial instruments per category

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

(in EUR x 1,000)	Amortised cost price	Fair value through profit or loss	Fair value through capital	Derivatives	Total
<b>Balance as at 31 December 2017</b>					
Trade receivables and other short-term assets	20,593	-	-	-	20,593
Trade payables and other short-term liabilities	18,125	-	-	-	18,125
<b>Balance as at 31 December 2018</b>					
Trade receivables and other short-term assets	19,580	-	-	-	19,580
Trade payables and other short-term liabilities	19,167	-	-	-	19,167

#### 13. Trade receivables and other receivables

Trade receivables and other receivables can be specified as follows:

	2018	2017
(in EUR x 1,000)		
Trade receivables	15,410	15,444
Provision for doubtful debts	(1,869)	(1,182)
Trade receivables - net	13,541	14,262
Turnover still to be invoiced with regard to contracts based on subsequent costing and fixed monthly instalments	4,953	5,140
Contract assets	392	122
Other receivables	53	56
Prepayments and accrued income	641	1,013
<b>Total trade receivables and other receivables</b>	<b>19,580</b>	<b>20,593</b>

The fair value of the trade receivables and other receivables is close to the book value. This also applied on 31 December 2018 for an amount of trade receivables of EUR 1.9 million (31 December 2017: EUR 3.0 million) for which the payment term has expired. Although the payment periods for claims up to an amount of EUR 1.9 million has 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:

	2018	2017
(in EUR x 1,000)		
Trade receivables which are not deemed to be uncollectible and for which the payment period has not yet lapsed	11,635	11,226
Trade receivables which are not deemed uncollectible and for which the payment period has lapsed		
less than 1 month	618	651
between 1 and 2 months	496	411
between 2 and 3 months	146	145
more than 3 months	646	1,829
	1,906	3,036
<b>Total trade receivables - net</b>	<b>13,541</b>	<b>14,262</b>

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

	2018	2017
(in EUR x 1,000)		
<b>Balance as at 1 January</b>	<b>1,182</b>	<b>1,188</b>
Addition to the provision	687	76
Write-off in connection with being uncollectible	-	(6)
Release from the provision	-	(76)
<b>Balance as at 31 December</b>	<b>1,869</b>	<b>1,182</b>

At year-end 2018, the provision for receivables considered uncollectible stood at EUR 1.9 million (year-end 2017: EUR 1.2 million).

In 2018, as a result of a legal dispute and after obtaining advice on the matter, a correction of EUR 1.5 million was made 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.

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 2018 and year-end 2017.

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 turnover still to be invoiced in respect of services already provided and the contract assets by segment were as follows at the balance sheet date:

	2018	2017
(in EUR x 1,000)		
The Netherlands	15,412	16,077
Belgium	2,942	2,934
Other	532	513
<b>Maximum credit risk as at 31 December</b>	<b>18,886</b>	<b>19,524</b>

#### 14. Cash and cash equivalents

EUR 46,000 of the cash and cash equivalents balance at year-end 2018 were funds in a guarantee account. This balance is not at Ctac's disposal.

Amounts drawn under the current account credit facilities, totalling EUR 6.9 million at year-end 2018 (year-end 2017: 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 2018, the ratio was 0.7 (2017: 0.8). The average amount owed to banks in current account facilities for the financial year 2018 was EUR 0.4 million.

No financial derivatives were present within Ctac in 2018, or on the balance sheet date.

#### 15. Shareholders' equity

At year-end 2018, 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 12,807,082 ordinary shares and 1 priority share. All issued shares are fully paid up.

The decision to pay a stock dividend led to 151,134 new shares being issued in 2018 (2017: 140,151 new shares).

The composition of and the changes in shareholders' equity over the years 2018 and 2017 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

## 16. Other long-term liabilities

### 16.1 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 the 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 turnover 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 10.8% of the minority interest at an accelerated pace in 2018.

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:

	2018	2017
(in EUR x 1,000)		
<b>Balance as at 1 January</b>	<b>685</b>	<b>757</b>
Valuation differences	176	95
Transferred to current liabilities	(735)	(247)
Accrual of earn-out obligations	70	80
<b>Balance as at 31 December</b>	<b>196</b>	<b>685</b>

### 16.2 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:

	2018	2017
(in EUR x 1,000)		
<b>Balance as at 1 January</b>	<b>96</b>	<b>127</b>
Transferred to current liabilities	(31)	(31)
<b>Balance as at 31 December</b>	<b>65</b>	<b>96</b>

The maturity dates of the other liabilities, including those 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	106	96	100	302
Discounts received in advance	31	31	34	96
<b>Total other liabilities</b>	<b>137</b>	<b>127</b>	<b>134</b>	<b>398</b>

## 17. Provisions

The changes in the provisions are as follows:

	2018		2017	
(in EUR x 1,000)				
	<b>Anniversary Payments</b>	<b>Other</b>	<b>Total</b>	<b>Total</b>
<b>Balance as at 1 January</b>	<b>104</b>	<b>93</b>	<b>197</b>	<b>246</b>
Additions charged to the result	10	927	937	45
Released to the result	(3)	(20)	(23)	(33)
Allocated	(11)	-	(11)	(61)
<b>Balance as at 31 December</b>	<b>100</b>	<b>1,000</b>	<b>1,100</b>	<b>197</b>

### 17.1 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 10%).

The provision for anniversary payments includes an amount of EUR 84,000 (2017 EUR 92,000) with a term of more than one year.

### 17.2 Other provisions

These provisions relate 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.

A correction of EUR 1.5 million was made in 2018 pursuant to a legal dispute. This concerned a reversal of turnover relating to services rendered under the disputed contract. EUR 0.9 million of this correction has been recognised under Other provisions. The provision concerns a possible obligation to repay amounts already received, as ruled by the court in an interlocutory decision.

## 18. Trade payables and other debts

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

	2018	2017
(in EUR x 1,000)		
Trade payables	4,982	5,000
Taxes and social security contributions	4,605	3,855
Contractual obligations	1,530	2,111
Other liabilities	112	254
Accruals and deferred income	7,938	6,905
<b>Total trade payables and other liabilities</b>	<b>19,167</b>	<b>18,125</b>

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

The contractual obligation concerns the obligation 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 (2017: EUR 0.4 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.

### 19. Personnel costs

The composition of the personnel costs is as follows:

	2018	2017
(in EUR x 1,000)		
Wages	32,112	31,516
Social security charges	4,865	4,508
Pension costs	1,657	1,615
Other personnel costs	270	805
<b>Total personnel costs</b>	<b>38,904</b>	<b>38,444</b>

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 average staffing (FTEs) over 2018 amounts to 418 (2017: 425). This is divided among the segments as follows.

Number of FTEs per segment	2018	2017
The Netherlands	319	325
Belgium	61	61
Other	38	39
<b>Total number of FTEs</b>	<b>418</b>	<b>425</b>

### 20. Other operating expenses

The other operating expenses can be specified as follows:

	2018	2017
(in EUR x 1,000)		
Car expenses	4,071	3,890
Accommodation expenses	1,839	1,822
Marketing and sales costs	828	895
Other costs	7,219	7,442
Valuation differences earn-out obligations	167	95
<b>Total other operating expenses</b>	<b>14,124</b>	<b>14,144</b>

An amount of approximately EUR 3.1 million (2017: approximately EUR 3.1 million) is recognised under car expenses for operational lease contracts relating to cars.

An amount of approximately EUR 1.1 million (2017: approximately EUR 1.2 million) is recognised under accommodation expenses for operational lease contracts.

The other costs include items such as the costs of information management and internal automation, insurance, auditors' and consultancy fees, and costs related to hosting activities. The latter primarily concerns the costs of the operational lease for the fitting out of the data centres.

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

	2018	2017
(in EUR x 1,000)		
Audit of the financial statements	148	130
Other review procedures	-	-
Tax services	-	-
Other consultancy work	-	-
Fees for other BDO network	18	18
<b>Total auditors' fees</b>	<b>166</b>	<b>148</b>

### 21. Financing income and expenses

The financing income and expenses can be specified as follows:

	2018	2017
(in EUR x 1,000)		
Financing income	1	5
Financing expenses	(43)	(92)
Accrual of earn-out obligations	(70)	(80)
<b>Total financing income and expenses</b>	<b>(112)</b>	<b>(167)</b>

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

### 22. Taxes

Taxes can be specified as follows:

	2018	2017
(in EUR x 1,000)		
Taxes currently payable for the ongoing financial year	(724)	(884)
Deferred taxes	140	140
Taxes for prior financial years	(1)	42
<b>Total taxes</b>	<b>(585)</b>	<b>(702)</b>

The tax burden on the result before taxes amounts to 25.4% (2017: 20.0%) and can be specified as follows:

As a % of the result from ordinary activities before tax	2018	2017
Nominal tax burden	25.0	25.0
Effects of lower first bracket	(0.9)	(0.6)
Rate differences foreign countries	(0.5)	1.6
Innovation box for the ongoing financial year	(8.1)	(7.6)
Change in rate in the years to come	3.2	-
Non-deductible amounts	4.3	2.0
Payment differences and impairment	1.8	0.7
Uncapitalised deferred taxes on loss set-off	0.5	-
Other differences	0.1	(1.1)
<b>Tax burden according to the consolidated financial statements</b>	<b>25.4</b>	<b>20.0</b>

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.

### 23. Results per share

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

Profit/(loss) per share	2018	2017
Net result (EUR x 1,000)	1,715	2,800
Net result from continued activities (EUR x 1,000)	1,715	2,800
Net result from continued activities accruing to group shareholders (EUR x 1,000)	1,715	2,800
<b>Number of shares</b>		
Number of ordinary shares at the beginning of the year	12,655,648	12,515,497
Number of ordinary shares at the end of the year	12,807,082	12,655,648
Weighted number of average outstanding ordinary shares	12,756,604	12,597,253
Average price (EUR)	3.20	3.59
Potential dilution of ordinary shares	-	-
Number of potential shares in connection with the diluted profit per share	12,756,604	12,597,253
<b>Net result attributable to group shareholders per share after potential dilution (EUR)</b>	<b>0.13</b>	<b>0.22</b>

### 24. Dividend per share

It is proposed to the General Meeting of Shareholders that an optional dividend of EUR 0.08 per share be distributed, payable in cash and to be charged to the net profit for 2018. The remaining net profit will be added to the general reserve. Given the strong operational performance, the solid and increased solvency and the strong cash flow, it was decided to maintain the dividend at the 2017 level despite the lower net profit caused by an incidental item.

The General Meeting of Shareholders of 16 May 2018 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 2017. Following this decision, a total amount of EUR 0.5 million of the net profit for the financial year 2017 was paid out in cash to shareholders in 2018 and 151,434 shares were issued as stock dividend. The remaining net profit for 2017 was added to the general reserve.

### 25. 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 (2017: approximately EUR 0.3 million) outstanding. These guarantees have been issued in connection with current lease obligations.

At year-end 2018, Ctac made investment commitments regarding the expansion of the data centres for an amount of EUR 40,000. These investments will be brought into an operational lease.

Cars made available to employees are obtained based on operational lease with a contract term varying from three to five years. Ctac N.V. and its participations have lease obligations with respect to cars for an amount of approximately EUR 5.2 million (2017: EUR 5.9 million) in total. This concerns operational lease obligations regarding the lease of passenger cars in the Netherlands and Belgium for personnel with a residual term varying from one to five years.

The new hardware for the fitting-out of the data centres was for the most part obtained on the basis of an operational lease with a contract term varying from three to five years. The total lease obligations for Ctac in connection with these operational leases at year-end 2018 amounted to EUR 2.2 million (2017: EUR 3.6 million).

All buildings in which group companies are housed are rented. Ctac does not own any buildings. The company and its participations have rent obligations for a total amount of approximately EUR 3.8 million (2017: approximately EUR 4.8 million). This concerns rent obligations in connection with office buildings in the Netherlands ('s-Hertogenbosch), Belgium (Wommelgem) and France (Paris). All buildings are rented from non-related parties.

The composition of the rent and lease obligations is as follows:

	2018			2017	
(in EUR x 1,000)	Lease obligations passenger cars	Lease obligations data center fitting-out	Rent obligations office buildings	Total	Total
Terms shorter than one year	2,330	1,349	1,260	4,939	5,842
Terms longer than one year but shorter than five years	2,848	874	2,574	6,296	8,410
Terms longer than five years	-	-	-	-	-
	<b>5,178</b>	<b>2,223</b>	<b>3,834</b>	<b>11,235</b>	<b>14,252</b>

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

As stated before, Ctac is involved in a legal dispute with a client about the settlement of the performance of a contract concluded in July 2016. In 2018, an inimitable interlocutory decision was given against Ctac as to the client's obligations and the value of the services provided by Ctac.

The court is currently studying the question whether the customer can make an additional claim for damages and, if so, to what amount. The claim on the part of the customer is for approximately EUR 6 million, some EUR 5 million of which relate to damages claimed because the customer decided to have the work performed by another party. Ctac's claim against this customer is for EUR 1.1 million. Both parties have extensively substantiated their positions in writing. Ctac has taken the position that a claim for damages, the legal validity of which is contested, pursuant to the agreement concluded with the customer, is capped at EUR 1.25 million. Ctac's lawyer has asked the court to be given the opportunity to explain Ctac's views as regards any damages by means of a plea. The customer put forward a defence against this. However, the court has granted this request for a plea, which is why the final judgement is not expected until late 2019. The possibilities of recovering any damage will be investigated in the meantime.

After having obtained thorough expert advice, Ctac has decided to adjust its turnover related to the services provided under the contract by EUR 1.5 million. In February 2019, Ctac placed an amount of EUR 600,000 in escrow with its principal bank ABN AMRO in connection with a possible obligation to repay this turnover. Ctac has reached the conclusion that, taking into account the provisions of IAS 37, the claim for damages should not be recognised in its figures, since the value of the 'single most likely outcome' is estimated to be nil. Therefore, this item has been accounted for in the financial statements as a contingent liability. If the court reaches a different final decision in 2019, Ctac will reassess whether further action and creation of a provision are necessary.

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 insufficiently clearly recorded 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.

## 26. Acquisitions and divestments

The interest in Ctac Resourcing B.V. was expanded by 15.7% (4.9% as regular tranche, 10.8% as accelerated acquisition) and is now 91.2%.

## 27. Related parties

### 27.1 Identity 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.

### 27.2 Transactions with the members of the Board of Directors and of the Supervisory Board

#### 27.2.1 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 the central focal point. This interest is served when the members of the Board of Directors and the managers satisfy the most stringent professional requirements, and they deserve an adequate remuneration.
- 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.
- This policy governs the members of the Board of Directors and the most senior management level and is an instrument in the remuneration structure of the management within Ctac N.V.

#### 27.2.2 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 2018 and 2017 respectively.

	2018	2017
(in EUR x 1,000)		
<b>Board of Directors</b>		
<i>H.L.J. Hilgerdenaar</i>		
Salary	300	275
Pension and disability benefit insurance	60	53
Variable remuneration	51	46
<b>Total remuneration</b>	<b>411</b>	<b>374</b>
<i>D.G.H. van der Werf</i>		
Salary	275	250
Pension and disability benefit insurance	67	60
Variable remuneration	47	42
<b>Total remuneration</b>	<b>389</b>	<b>352</b>
Total salary	575	525
Total pension and disability benefit insurance	127	113
Total variable remuneration	98	88
<b>Total remuneration to the Board of Directors</b>	<b>800</b>	<b>726</b>

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 turnover, development in result, and product development. The maximum variable remuneration is 45% of the annual salary. In 2018 0% of the net result target, 25% of the turnover development target and 100% of the product development target was achieved. Expense reimbursement and a presentable company car are also provided to the members of the Board of Directors. Mr Van der Werf makes a personal contribution for the car made available to him.

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 Van der Werf may not exceed one annual salary.

#### 27.2.3 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 2018; this was also the case at year-end 2017.

#### 27.2.4 Remuneration of the 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 2018 and 2017 respectively.

	2018	2017
(in EUR x 1,000)		
<b>Supervisory Board</b>		
G. van de Weerdhof (effective from 10 May 2017)	45	29
E. Kraaijenzank	33	33
E. Karsten	33	33
H.G.B. Olde Hartmann (up to 10 May 2017)	-	11
<b>Total remuneration</b>	<b>110</b>	<b>106</b>

**27.2.5 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.

**28. Events after the balance sheet date**

On 22 March 2019, Ctac N.V. announced the departure of its CFO and member of the Board of Directors, Mr Van der Werf. Due to personal circumstances and in good consultation, Mr Van der Werf will step down as a director of Ctac N.V. with effect from the next General Meeting of Shareholders of Ctac N.V.. Mr Van der Werf has been the CFO and a member of the Board of Directors since March 2012.

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

(in EUR x 1,000)

**ASSETS****Fixed assets**

29) Intangible fixed assets	2,962	3,120
30) Tangible fixed assets	30	30
31) Financial fixed assets	32,685	30,754
	<b>35,677</b>	<b>33,904</b>

**Current assets**

32) Trade receivables and other receivables	528	1,077
Cash and cash equivalents	475	-
	<b>1,003</b>	<b>1,077</b>
	<b>36,680</b>	<b>34,981</b>

**LIABILITIES****33) Shareholders' equity**

Issued and paid-up capital	3,074	3,037
Share premium	11,725	11,762
Statutory reserves	3,684	2,163
Other reserves	(1,102)	(1,881)
Result for the financial year	1,715	2,800
	<b>19,096</b>	<b>17,881</b>

**Long-term liabilities**

34) Deferred tax liabilities	101	156
	<b>101</b>	<b>156</b>

**Current liabilities**

35) Amounts owed to banks	-	2,470
36) Trade payables and other debts	17,483	14,474
	<b>17,483</b>	<b>16,944</b>
	<b>36,680</b>	<b>34,981</b>

**Company profit and loss account for**

(in EUR x 1,000)

	2018	2017
Turnover	-	-
Gross margin	-	-
37) Personnel costs	1,306	1,021
Depreciation and amortisation	222	211
38) Other operating expenses	(1,577)	(1,039)
Total operating expenses	49	(193)
<b>Operating result</b>	<b>49</b>	<b>(193)</b>
Financing income	99	94
Financing expenses	(8)	(26)
39) Total financing income and expenses	91	68
Result from group companies	1,583	2,841
<b>Result before profits tax</b>	<b>1,723</b>	<b>2,716</b>
40) Taxes	(8)	84
<b>Net result</b>	<b>1,715</b>	<b>2,800</b>

**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.

**29. Intangible fixed assets**

Changes in intangible fixed assets are as follows:

(in EUR x 1,000)

	Goodwill		Intangible fixed assets produced in-house		Total	
	2018	2017	2018	2017	2018	2017
<b>Book value as at 1 January</b>	<b>2,450</b>	<b>2,450</b>	<b>670</b>	<b>821</b>	<b>3,120</b>	<b>3,271</b>
Investments	-	-	53	51	53	51
Depreciation and amortisation	-	-	(211)	(202)	(211)	(202)
<b>Book value as at 31 December</b>	<b>2,450</b>	<b>2,450</b>	<b>512</b>	<b>670</b>	<b>2,962</b>	<b>3,120</b>
Total acquisition value	6,646	6,646	1,086	1,033	7,732	7,679
Total depreciation and impairments	(4,196)	(4,196)	(574)	(363)	(4,770)	(4,559)
<b>Book value as at 31 December</b>	<b>2,450</b>	<b>2,450</b>	<b>512</b>	<b>670</b>	<b>2,962</b>	<b>3,120</b>

**30. Tangible fixed assets**

The changes in tangible fixed assets are as follows:

	2018	2017
<b>Total Computers</b>		
(in EUR x 1,000)		
<b>Book value as at 1 January</b>	<b>30</b>	<b>39</b>
Investments	11	-
Depreciation and amortisation	(11)	(9)
<b>Book value as at 31 December</b>	<b>30</b>	<b>30</b>
Total acquisition value	203	192
Total amortisation	(173)	(162)
<b>Book value as at 31 December</b>	<b>30</b>	<b>30</b>

**31. Financial fixed assets**

The composition of the financial fixed assets is as follows:

	2018	2017
(in EUR x 1,000)		
Participations	32,615	30,684
Other receivables	70	70
<b>Total financial fixed assets</b>	<b>32,685</b>	<b>30,754</b>

**31.1 Participations**

The changes in the participations item are as follows:

	2018	2017
(in EUR x 1,000)		
<b>Balance as at 1 January</b>	<b>30,684</b>	<b>27,481</b>
Result of participations	1,583	2,841
Movement in receivables from participations	348	362
<b>Balance as at 31 December</b>	<b>32,615</b>	<b>30,684</b>

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

**31.2. Other receivables**

Other receivables can be specified as follows:

	2018	2017
(in EUR x 1,000)		
<b>Balance as at 1 January</b>	<b>70</b>	<b>70</b>
Deposit payment	-	-
<b>Balance as at 31 December</b>	<b>70</b>	<b>70</b>

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 70,000 was paid for this. This contract will be effective until 2022.

**32. Trade receivables and other receivables**

Trade receivables and other receivables can be specified as follows:

	2018	2017
(in EUR x 1,000)		
Trade receivables and receivables in respect of group companies	407	982
Other receivables	25	25
Prepayments and accrued income	96	70
<b>Total trade receivables and other receivables</b>	<b>528</b>	<b>1,077</b>

**33. Shareholders' equity**

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
<b>Balance as at 1 January</b>	<b>3,037</b>	<b>11,762</b>	<b>2,163</b>	<b>(1,881)</b>	<b>2,800</b>	<b>17,881</b>
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)	-	-
<b>Balance as at 31 December</b>	<b>3,074</b>	<b>11,725</b>	<b>3,684</b>	<b>(1,102)</b>	<b>1,715</b>	<b>19,096</b>

Changes in shareholders' equity in 2017 can be specified as follows:

(in EUR x 1,000)						
	Issued share capital	Share premium reserve	Statutory reserves	Other reserves	Undistributed profit	Total
<b>Balance as at 1 January</b>	<b>3,004</b>	<b>11,795</b>	<b>821</b>	<b>(2,785)</b>	<b>2,610</b>	<b>15,445</b>
Appropriation of the result in previous financial year	-	-	-	2,246	(2,246)	-
Dividend	33	(33)	-	-	(364)	(364)
Net result	-	-	-	-	2,800	2,800
Change in accordance with statutory reserve	-	-	1,342	(1,342)	-	-
<b>Balance as at 31 December</b>	<b>3,037</b>	<b>11,762</b>	<b>2,163</b>	<b>(1,881)</b>	<b>2,800</b>	<b>17,881</b>

**34. Deferred tax liabilities**

The changes in deferred tax liabilities are as follows:

	2018	2017
(in EUR x 1,000)		
<b>Balance as at 1 January</b>	<b>156</b>	<b>205</b>
<b>Intangible fixed assets produced in-house</b>		
Recognised in the profit and loss account	(55)	(49)
<b>Balance as at 31 December</b>	<b>101</b>	<b>156</b>

**35. 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 2018 (2017: EUR 6.0 million), are recognised under short-term amounts owed to banks.

**36. Trade payables and other debts**

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

	2018	2017
(in EUR x 1,000)		
Trade payables	1,315	1,203
Taxes and social security contributions	27	26
Other liabilities	10	4
Other debts to group companies	15,814	12,757
Accruals and deferred income	315	325
Corporation tax	2	159
<b>Total trade payables and other liabilities</b>	<b>17,483</b>	<b>14,474</b>

**37. Personnel costs**

The composition of the personnel costs is as follows:

	2018	2017
(in EUR x 1,000)		
Wages	673	613
Social security charges	28	28
Pension costs	127	113
Other personnel costs	478	267
<b>Total personnel costs</b>	<b>1,306</b>	<b>1,021</b>

The average staffing (FTEs) over 2018 amounts to 2 (2017: 2). Ctac N.V. does not employ any employees outside of the Netherlands.

**38. Other operating expenses**

The other operating expenses can be specified as follows:

	2018	2017
(in EUR x 1,000)		
Car expenses	57	54
Marketing and sales costs	289	505
Other costs	(1,923)	(1,598)
<b>Total other operating expenses</b>	<b>(1,577)</b>	<b>(1,039)</b>

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

### 39. Financing income and expenses

The financing income and expenses can be specified as follows:

	2018	2017
(in EUR x 1,000)		
Financing income	(99)	(94)
Financing expenses	8	26
<b>Total financing income and expenses</b>	<b>(91)</b>	<b>(68)</b>

### 40. Taxes

Taxes can be specified as follows:

	2018	2017
(in EUR x 1,000)		
Tax currently payable for the financial year	(63)	(13)
Tax for prior financial years	(1)	48
Deferred tax for the financial year	56	49
<b>Total taxes</b>	<b>(8)</b>	<b>84</b>

### 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:

1. the financial statements as included on pages 42 to 82 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;
2. 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;
3. the risk management and control systems functioned well in the year under review.

's-Hertogenbosch, 26 March 2019

The Board of Directors  
 Mr H.L.J. Hilgerdenaar  
 Mr D.G.H. van der Werf

The 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 also applies to the dividend for the financial year 2018. For that purpose, 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 unless a shareholder prefers to receive a cash payment. 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.

As far as implementing these measures is concerned, the following applies:

## 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 Priority Foundation. The appointment of the 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 Priority Foundation. The appropriate authority of the Priority Foundation ends

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

The Priority Foundation also plays a role in the appointment, suspension 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 Priority Foundation. A resolution to suspend or dismiss a member of the Board of Directors can, if not passed following a proposal by the 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 Priority Foundation plays a decisive role in amendments to the articles of association and in the resolution to dissolve the company. Such resolutions can only be adopted following a proposal by the Priority Foundation.

## The board members of the Priority Foundation in 2018 were:

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

*\* Mr A.J.M. van Riet was a member of the Priority Foundation until 29 March 2018. Mr Van Riet has been succeeded by 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 the interests of the company, the group companies, and the companies and all parties involved 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 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. The Continuity Foundation can only acquire preference shares as referred to above - without

the cooperation of the company's General Meeting of Shareholders - including the acquisition of the right to subscribe for preference shares, up to a maximum amount of one hundred percent (100%) of the total nominal amount of the issued ordinary shares and the issued priority share in the capital 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 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. In addition to this, on 26 March 2013, the Priority Foundation and Ctac N.V. granted the Continuity Foundation an option right pursuant to which the Continuity Foundation can acquire preference shares in Ctac N.V. equal to one hundred per cent (100%) of Ctac N.V.'s issued share capital, provided that certain conditions are fulfilled. Prior to that date, 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. This measure was deemed necessary to offer the Continuity Foundation sufficient opportunities to counter any hostile takeover attempts.

The board of the 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 Continuity Foundation is independent of Ctac. The Continuity Foundation can only be represented by a board member A and a board member B, acting jointly. If no board member A is in office, the Continuity Foundation is represented by two board members B acting jointly.

## The board members of the Continuity Foundation in 2018 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).

Mr P.J.M. van den Brink is retired. He has a legal education. In his career he mainly worked in the banking sector and one of his positions was that of Managing Director of ING Bank Nederland. He has also held a wide range of socially useful other positions and some supervisory board memberships.

Mr S.W.A.M. Visée is a lawyer in Amsterdam and has been a partner in Rutgers & Posch since this 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 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.

## Right of investigation

In accordance with Article 346, paragraph c of Book 2 of the Dutch Civil Code, Ctac has granted the right of investigation to the Continuity Foundation. The 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 Continuity Foundation will only exercise the right of investigation and the right to demand injunctive relief within the objective of the Continuity Foundation if there are justifiable reasons to doubt the correctness of a policy. The 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.

## 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, 26 March 2019

Ctac N.V.  
H.L.J. Hilgerdenaar  
D.G.H. van der Werf

Ctac Continuity Foundation  
S.W.A.M. Visée  
P.J.M. van den Brink  
E. Jamin

# Independent auditor's report

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

## A. Report on the audit of the financial statements 2018

### Our opinion

We have audited the financial statements 2018 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 2018; 2. the following consolidated statements for 2018: 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 2018 and of its result and its cash flows for 2018 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 2018; 2. the company profit and loss account for 2018; 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 2018 and of its result for 2018 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 EUR 590 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 EUR 29.5 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.

### 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.

#### Valuation of goodwill

We refer to sections 2.3.1, 2.6 (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 EUR 13,885 thousand (2017: EUR 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.

#### Revenue recognition

We refer to the sections 2.11 (Revenue from customer contracts), 5.2 (Key estimates and assumptions), section 13 (Notes to trade receivables and other receivables), section 17 (Note provisions), section 18 (Notes to trade creditors and other debts).

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.

Furthermore we have identified a risk regarding the correct application of IFRS15, due to the different types of services and corresponding contractual agreements for Ctac.

#### Project risks

We refer to sections 2.5 and 2.11 (Main accounting principles for the financial statements), section 4.5 (Financial Risk Management), section 5.2 (Key estimates and assumptions), section 13 (Notes to trade receivables and other receivables), section 17.2 (Notes to other provisions) and section 25 (Off-balance sheet contingent and contractual receivables and obligations) in the Financial Statements.

We have identified the valuation of completed projects for which the financial settlement has not yet taken place as a key audit matter, for which specific attention has been paid to a legal dispute with a customer.

The reason for this is linked to the extent of any additional work which is based on estimates made by the Board of Directors and contains a certain degree of subjectivity. These estimates are important for determining the collectability risk of receivables as at the balance sheet date as well as the valuation of any of the amounts owed by Ctac to the client.

The positions in the financial statements with regard to completed and uncompleted projects are part of the unbilled turnover of EUR 4.9 million and the trade debtors of EUR 1.9 million for which the deadline has passed. Furthermore, a valuation allowance for trade receivables for an amount of EUR 1.9 million (of which EUR 0.6 million relates to a legal dispute with a customer) and a project related provision of EUR 1.0 million (of which EUR 0.9 million relates to a legal dispute with a customer) have been recognised.

#### Our audit approach

We reviewed the internal controls related to valuation of projects and revenue recognition.

We have performed substantive audit procedures for existence, accuracy and cut-off of revenues and related receivables regarding turnover still to be invoiced.

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.

#### Our audit approach

The valuation of the positions as at the balance sheet date is based on the Board of Directors' estimate with regard to an eventual financial settlement of the projects in question. These estimates relate to the collectability of the receivables recognised, the as yet unbilled additional work, as well as the valuation of any amounts owed by Ctac to the client in connection with a possible discussion about the scope of the work performed by Ctac, including specific attention for a legal dispute with a customer.

The audit procedures we performed comprise obtaining evidence about the current situation with regard to completed projects by means of assessing relevant correspondence and obtaining information from legal advisors. In addition, we had meeting 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, including the correspondence of an external expert, engaged by the Board of Directors, with regard to the recognition, valuation and disclosure of the legal dispute with a customer of Ctac.

We furthermore focused attention on the notes in the financial statements in sections 13, 17.2 and 25 and if these notes comply with the requirements of IAS37.

#### Capitalized development costs

We refer to sections 2.3.4, 2.3.7. 2.6 (Main accounting principles for the financial statements) and section 8.3 (Notes to investments in intangible fixed assets) in the Financial Statements.

We have identified the capitalized development costs as a key audit matter.

The reason is linked to the significance of the capitalized amount, the nature of this item combined with the uncertainty that accompanies future cash flows.

The capitalized amount in 2018 was EUR 3,160 thousand. This amount relates to the development costs of the Fit4Woco application and a new release of the cash desk software XV. The capitalized software for Fit4Woco has not yet been taken into use. The cash desk software XV5 has been taken into use during the financial year.

#### Our audit approach

We reviewed the internal controls related to specification of time spent and the progress of the development project.

Our substantive audit work focused on the existence, accuracy and valuation of the capitalized development costs.

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.

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.

We also reviewed the explanatory information in the financial statements.

#### 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 other information
- the Foreword, Ctac in figures, Profile of Ctac, Ctac shares, Compliance with the Netherlands Corporate Governance Code, the Report of the Supervisory Board.

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 16 May 2018 for year 2018 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

# Historical Summary

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, 26 March 2019

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

E.H.B. Schrijver RA

<b>Results (x EUR 1,000)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Net turnover	82,998	81,597	86,230
Operating result before earn-out payment differences and one-off write-down	4,092	3,764	3,261
Operating result	2,412	3,669	3,052
Net result	1,715	2,800	2,613
Depreciation and amortisation	990	1,020	1,162
Cash flow (net result + depreciation and amortisation)	2,705	3,820	3,775
<b>Assets (x EUR 1,000)</b>			
Tangible fixed assets	1,374	1,760	2,181
Intangible fixed assets	17,569	16,048	14,722
Financial fixed assets	1,304	1,217	1,150
Current assets	20,166	20,593	21,784
Current liabilities	20,923	20,734	23,210
Shareholders' equity	19,096	17,881	15,445
Total assets	40,413	39,618	39,837
<b>Personnel</b>			
Number of employees at year-end	424	455	459
Average number of employees (FTE)	418	425	435
Average number of chargeable employees (FTE)	342	350	363
Outflow per year (head count)	70	63	92
Turnover per employee (per FTE x EUR 1,000)	198	192	198
Turnover per chargeable employee (per FTE x EUR 1,000)	243	233	237
Net result per employee (per FTE x EUR 1,000)	4	7	6
<b>Ratios</b>			
Operating result/net turnover	2.9%	4.5%	3.5%
Net result/net turnover	2.1%	3.4%	3.0%
Net result/average shareholders' equity	9.3%	16.8%	18.0%
Current assets/current liabilities	0.96	0.99	0.94
Shareholders' equity/total assets	47%	45%	39%
<b>Per share of EUR 0.24 nominal value</b>			
Weighted number of average outstanding ordinary shares	12,756,604	12,597,253	12,515,497
Proposed dividend	0.08	0.08	0.07
Net result (attributable to group shareholders)	0.13	0.22	0.21
Net result excluding one-off write-down	0.23	0.22	0.21
Cash flow	0.21	0.30	0.30

# 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 12,807,082 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 84 - 85.

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 2018
Ctac N.V.		
Ctac Nederland B.V.	's-Hertogenbosch	100
Alpha Distri B.V.	's-Hertogenbosch	50.5
Ctac Quality B.V.	's-Hertogenbosch	100
Ctac B.V.	's-Hertogenbosch	100
Ctac Resourcing B.V.	's-Hertogenbosch	91.2
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.

**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.

**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.

**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.

**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.

**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.

**Microsoft Dynamics** - CRM and ERP (Enterprise Resource Planning) software which allows business processes to be supported administratively.

**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.

**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 Business All-in-One** - Complete and integrated sector solution for all aspects of operating a medium-sized business.

**SAP Business ByDesign** - Integrated business software (ERP) for small and medium-sized businesses. The software is based in the cloud and runs in the SAP data centre.

**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.

**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.

**SOA** (*Service-Orientated Architecture*) - The blueprint for services-based business software. It offers solutions that provide increased adaptability, flexibility and openness.

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

**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).

**XV-Retail** - Customer Engagement and POS solution.

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