CTAC
ENABLING YOUR AMBITION

In case of inconsistency, the Dutch annual report is leading.

ANNUAL REPORT 2020

Foreword

2020 was a year in which the Netherlands and the world were overwhelmed by the coronavirus. During the first lockdown in mid-March, there was a hard transition from normal life to digital communication and remote working. The hospitality industry had to close down and, as a result, so did the wholesalers that supply restaurants and cafés. Since Ctac has many clients in the retail sector – for example, Action uses our cash register system - we slipped into survival mode. We all wondered whether this would all work out? Nevertheless, we were able to switch over to the new situation very well and very quickly. The advantage is that we are no longer an organisation that only supplies hands, knowledge and skills.

We have grown in our role as a director, as a Business & Cloud Integrator. And as a business partner who can help optimise business processes. Customers who are thinking about how to get out of this dip also involve us. Whatever the challenge, we can serve organizations both in depth and broadly because we not only supply SAP, but also Microsoft, InRiver and WinShuttle solutions. Offering a broader portfolio, and thus being able to do more for the customer, has helped us through the crisis. That is essential for Ctac and we are fully committed to it. A strategy aimed at strengthening our role as a Business & Cloud Integrator – and as it has turned out, we couldn't have wished for a better strategy.

This has been our focus since November 2019, the same year that our new CFO Pieter-Paul Saasen joined us. Our equity story is clear: we are developing towards a broader portfolio, towards doing more for our customers. If we don't do it, others will. In addition, there is the desire to grow to an annual turnover of € 100 - 150 million, preferably ultimately resulting in inclusion in the SmallCap Index; that would give us the ability to grow even better. What are we good at, what should we improve in the coming years? Thinking about these issues has led to reinforcement in various areas. For example, the recently acquired Purple Square will help us with our shift to more business consultancy and change and programme management. We also entered into talks with Oliver IT, a great addition for us in the field of integration and development. But we were then confronted with the Covid-19 virus and so it was temporarily on hold. The talks were resumed at the end of 2020 and the acquisition has now been successfully completed.

After careful consideration, it was decided to close the French branch, a small part of Ctac. Despite all our efforts, the operation in France has proved incapable of creating shareholder value on a sustainable basis. The center of gravity has therefore now moved to the Netherlands and Belgium.

By following this equity story, we have really been able to optimise our strategy. As a Business & Cloud Integrator, we take our customers by the hand in their digital transformation, and that clearly pays off. Organisations that were not properly prepared for the digital world are having an extra hard time in this crisis. But those who had mapped out a digital route can emphatically profit from it. Our director's role is becoming increasingly important. We will therefore use it more intensively. This development is in line with extra focus on continuous business improvement. As a company, we are becoming, together with the customer, a sustainable part of a multidisciplinary system. Thinking along, brainstorming, stimulating development, promoting innovation. The benefit is that this enables us to help the customer organisation earlier in the process with targeted improvement processes. Not reactively, but proactively. For example, how can the Action shops deliver even faster? How can we get the tills active even sooner? Can we activate the cash registers from another point?

Continuous business improvement is a must. And that can only work if you are a director at the customer. If you are involved with them at an early stage and know what is going to happen sooner. That is much more than just doing your SAP magic. It is: being of value in a broad sense. Not only providing your customer with state-of-the-art technology, but also teaching them how to use this technology successfully, managing change processes and optimising business processes. That is the step we are taking, and a new mission statement is part of that: *Enabling your ambition by getting you towards a futureproof business.* If we don't prepare our customers for the future, we don't have a future ourselves. It's as simple as that.

What do you need for this? Customer intimacy. Knowing what concerns does the customer has, what do they need, what do they want and how you can help them effectively. This means knowing everything about them, so that you can make targeted and appropriate suggestions, just like Bol.com. And that is only possible if you have your data management in order.

The development of IP products makes us distinctive in the market. For example, our own POS solution, which is fully integrated with SAP, is doing well at various large companies such as Action and HANOS. It has now also been sold to Sligro and the Belgian Galeria Inno. But Fit4Woco and Fit4RealEstate, our in-house developed, industry-specific SaaS platforms that run on a cloud environment, also have potential. With these, customers have nothing to worry about: no capital investment or maintenance is required and all legal matters are taken care of automatically and payment is based on usage.

First and foremost, we can host and help customers manage systems in the public and private cloud. And because data and applications increasingly run on different platforms, the role of integration is growing. After all, everything has to be able to talk to each other. Moreover, data on its own is not yet information which a company can base its policy and decisions on. This requires a solid integration layer. We have therefore developed strong tools for this, such as a PaaS solution together with Dell Boomi. Oliver has different tools for this than Dell Boomi, hence our acquisition of this party.

The above trends have led us to six key focus areas for 2021.

1. S/4HANA (Move) – SAP users who are still using an R3 environment will have to move to a digital platform. S/4HANA (Move) is the modern version of that.

2. Augmented analytics – In other words, automating data analyses via algorithms so that companies receive faster and more precise input on which to base their decisions. Think of energy companies that read their customer meters automatically.

3. Integration and security – The importance of integration is well known. The rapidly increasing number of data flows to offices and homes also places high demands on the security of networks. Ctac is increasingly asked to provide consultancy in the field of security and has made this a focus area. Of course, this was already our specialism, as we work day and night to secure our own hosting environment against hackers and hijackers.

4. Data management – Only by keeping your data in order (up-to-date, correct, unambiguous and consistent) can you, as an organisation, create usable information that you can use to manage your business. Ctac can provide targeted advice in this respect.

5. Modern workplace – With home working becoming increasingly the norm, the home environment must work well and efficiently. Microsoft has responded to this with Office365, Teams and SharePoint. We sell these licences and also do implementations. This does not require sector knowledge, because everyone needs these products. However, the implementation does require a customer-specific design, especially in the field of security.

6. Management and architecture – In an increasingly complex landscape, structuring information provision is essential for effective management. After all, which organisation has never lost its overview of the whole process through numerous incremental ICT expansions? This is why the director's role in architecture is our main focus for 2021. To this end, we have in-house business architects who are involved in projects from the outset.

Finally: the Covid-19 crisis has confirmed to us that you definitely have to think in terms of challenges and not problems. The pandemic forced us to think more deeply about our proposition. The uncertainties about the future that we faced in mid-March 2020 made us focus on optimising our organisation, home markets and portfolio, and look more closely at where the opportunities for our customers lie. This has made us sharper. A crisis always offers opportunities. Opportunities for those who can see them! Ctac is an organisation that not only sees these opportunities, but that can also seize them - a prerequisite for our right to exist. Our customers would expect nothing else of us.

In the meantime, we continue to grow steadily into a dynamic, entrepreneurial organization that embraces new initiatives and is happy to open the door to change even further.

Content

Ctac in figures

Key figures	2020	2019
Results (in € x 1 million)		
Revenue from contracts with clients*	87.3	81.2
Operating result*	4.7	2.4
Result before taxes*	4.3	2.2
Net result	3.0	1.3
Net cash flow	9.1	1.7
Employees (FTE)		
As at 31 December*	384	368
Average over the year*	382	377
Revenue per employee (per FTE x € 1,000)	229	215
Revenue per direct employee (per FTE x € 1,000)	304	293
A selection of balance sheet figures (€ x 1 million)		
Shareholders' equity (net value)	22.5	19.5
Cash and cash equivalents	10.6	1.9
Bank liability	3.8	0.4
Total assets	64.5	45.4
Ratios		
Operating result / revenue from contracts with clients	5.3%	2.7%
Net result / revenue from contracts with clients	3.5%	1.6%
Net result / average shareholders' equity	14.5%	6.6%
Shareholders' equity / total assets	34.9%	42.9%
Data per share of € 0.24 nominal value		
Number of weighted average shares outstanding	13,243,302	12,879,601
Net result (attributable to the shareholders of Ctac N.V.)	0.23	0.10
Net cash flow	0.69	0.14
Shareholders' equity (net value)	1.70	1.51
(Proposed) dividend	0.08	0.08

*) Both for 2020 and 2019 excluding the discontinued operations in France.

Profile

In its capacity as business enabler, Ctac helps you to make your organisation future-proof. We do so proudly, passionately and based on our knowledge. As a Business & Cloud Integrator, we enable you to respond effectively and intuitively to any changes in your market. By unburdening you when it comes to using the right knowledge and technology, we increase your agility, competitiveness and results.

We have been doing this since 1992 on the basis of sound technological knowledge combined with an in-depth knowledge of sectors and business processes. Ctac operates from the Netherlands and Belgium.

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

Enabling Your Ambition

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

Business enabler

Organisations generally demand solutions that they can benefit from directly, with short implementation times and at controllable costs. They form the basis for the agility that every organisation should strive for nowadays. Ctac provides an effective answer for this with its Composed Solutions: unique and powerful industry solutions that achieve an optimal coordination between employees, technology and business processes. Furthermore, they can be easily combined into a broad, modular solution. This can be an end-to-end solution, such as our Fit4 platform that supports both the housing corporation sector (Fit4Woco) and the commercial real estate sector (Fit4RealEstate). Ctac also provides the XV Retail platform for point-of-sale, loyalty, and transaction processing functionality and solutions for such aspects as customer experience and data & analytics.

A number of Value Propositions are realised in cooperation with our business partners. Here, Ctac works to a policy based on entering into strategic partnerships with professional parties whose product and service portfolios represent a meaningful addition to Ctac's broad portfolio. Besides SAP and Microsoft, we work together with leading players such as Dell Boomi, Winshuttle and inRiver.

Markets

The Ctac organisation focusses on strategic markets in which it excels in terms of business knowledge for clients and their essential business processes. The solutions we contribute are specific to the relevant segment and are supported on a project or secondment basis. Drawing from a broad pool of business knowledge, experience and their networks, 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 markets identified below. In addition, Ctac provides full-market cloud service and business productivity solutions to its customers with a cross-industry philosophy.

- *Retail*

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

As ever, the retail market is very much in motion. Ctac's clients are embracing the digital transformation.

Physical shops are becoming integrated with online shops ever more, and ever more intensively, and customer experience is trending. In its capacity as a business enabler, Ctac can also assist in this respect. Ctac is active in enhancing the customer experience with its SAP C/4HANA proposition and other offerings, and continually expands its portfolio with complementary solutions.

• Wholesale

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

• Manufacturing

The smartest factory is built on a solid foundation – one that we help companies to create. This foundation gives them maximum insight into schedules, purchase orders, actual costing, delivery reliability and stocks. We also help manufacturers handle any changes in customer expectations and the relevant interaction better. We have everything required for them to monitor margins, respond successfully to changing customer demands, create optimal returns, and become resilient through agility.

• Real estate

Tailored to the real estate market, we offer a future-proof real estate solution for housing associations and commercial real estate organisations: Ctac Fit4Woco and Ctac Fit4RealEstate. Ctac makes end-to-end business applications available fully in the cloud through Fit4Woco and Fit4RealEstate. This enables our clients to start using the business applications they actually need. This allows them to start small and then to scale up the number of users and the functionality if and as necessary. The platform supports customer experience, enterprise resource planning and supply chain management. We thus cover both the tactical and operational processes of real estate organisations.

• Cross-industry

Our portfolio includes more services than only those that relate to retail, wholesale, manufacturing or real estate. Ctac thus offers a broad cloud portfolio to clients in various markets. For example, Ctac serves governments, universities, professional service organisations and the utilities, food and agricultural industries.

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

Strategic priority areas

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

1. Business Consultancy

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

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

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

2. IT modernisation

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

- We look how we can rationalise and simplify our clients' IT landscapes and optimally focus on robustness, flexibility and future-proofing. We thus ensure that outdated and complex landscapes are optimised or replaced by using modern platforms and systems.

- We increase our customers' agility and productivity by means of business platforms through which we develop low-code applications, and by making use of smart technologies and facilitating integration by using APIs. We accelerate and build customer-specific solutions that enable our clients to distinguish themselves in their respective markets.

This strategy enables us to bridge the gap between the existing IT environment and new technologies. Examples are cloud, connection with Internet of Things environments, and the use of artificial intelligence. We unburden our clients throughout the entire lifecycle: from construction and implementation to continuous development, replacement and management.

3. Digital Intelligence

Data quality is the key to success in the digital transformation. It is the driving force behind innovation and it is decisive for achieving distinctiveness. Organisations that do not make clever use of the power of data run a high risk of losing clients, being caught up by competitors or being replaced by new entrants to the market that offer easy-access digital solutions. An intelligent and data-driven organisation is able to actively multiply knowledge from the organisation through obtaining knowledge from such data. An organisation which makes clever use of this data-enriched knowledge in all layers of the company and in all business processes is agile and can excel in the increasingly digitising world. This will enable the organisation to perform better and remain relevant.

4. Programme & Change Management

Our programme management consultancy services enable projects, programmes and/or portfolios to be managed properly. They are monitored from different control perspectives, such as scope, budget, risk and planning, but more importantly: with an eye to our customers' business drivers and business cases. We offer our change management services to ensure that the human side is given proper attention in every project or transformation so that the impact on any employees involved is known and controlled to ensure a smooth transition to the new world. In 2019, we expanded our service provision in this field by taking over Purple Square.

5. Security

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

Innovation Partner
In order to be able to make ambitions come true, changing business processes, systems and people is a requirement. Since this change is often driven by technological innovation, it is high on our clients' agendas. This is especially true for sustainable solutions with added value, because organisations invest in technology with a view to long-term profitability. Ctac proactively seeks out new possibilities for making the IT environments of organisations future-proof - and keeping them future-proof. We draw on trends such as machine learning, augmented reality and Internet of Things to deliver added value for our clients. In doing this, we anticipate the latest questions from customers: how do you deal with data and its security? How can you use apps to work more efficiently? What advantages are there to working in the cloud? How do you decide which cloud(s) you are going to use? What is the added value of SAP S/4HANA and how and when is the best moment to get on board? These are good questions that have far-reaching consequences if they are not answered correctly. Through different sessions, we, together with our business consultants and enterprise architects, help to find – and if relevant implement – appropriate solutions for this. We also supervise and assure the change within the client's organisation.

Over the past 29 years, our professionals have built up an extensive and in-depth expertise in business processes within various markets. That knowledge forms the basis for our wide range of innovative solutions for virtually all core processes within companies. Each and every one of these solutions is a relevant solution that has been developed in close cooperation with the market and is therefore optimally tailored to the ambitions of the client. Due to this process of co-innovation, companies can bring their information processing to the desired level more quickly and immediately operate more efficiently.

Ctac also actively contributes to innovation programmes at our technology partners and our clients. Furthermore, Ctac is active in the innovative ecosystem in the 's-Hertogenbosch (Den Bosch Innovation District) and Eindhoven (Brainport High Tech Software Cluster) region.

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

In addition to industry-specific propositions, we provide a broad range of generic solutions. We have built up an excellent position in integration, such as 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 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. These range from business consultancy, programme and change management and software development to cloud services and secondment.

Ctac specialises in the Microsoft 365, Office 365 and Azure services based Microsoft portfolio.

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

Ctac guarantees an optimal service level, regardless of whether this concerns the implementation of business software or the management of systems. This can also mean that we act as a director to help our clients in such situations, a role that we are pleased to assume. If necessary, together with critically selected third parties, to successfully implement and maintain the total solution together. Using the different clouds also implies invoicing from several different sides. Ctac has bundled its invoices, makes the payment process 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 specialist knowledge of software asset management (SAM), and Microsoft and SAP. We thus sustainably support our clients to help them find the right model for their organisation, keeping the cost of licences and maintenance as low as possible.

In line with our strategy of being a business enabler, the Ctac product and services portfolio was further tailored in 2020 to the latest demands of the market. The retail, wholesale and manufacturing markets in particular are showing a transition from process- and product-driven to customer-driven business, where predictive analysis can be of particular help to support business processes.

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

• Data and analytics

For us, data and analytics are more than simply making raw data accessible and then 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. Knowledge that is then 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 therefore ensures that your investments in data and analytics also lead to a real competitive advantage: the rationalised management of processes and better risk control. The use of SAP Analytics Cloud is a good example of this.

• Cloud

The ability to adapt to a changing market and portfolio with agility is the most important argument in favour of the cloud 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 licences, always the latest software updates, and guaranteed availability. Once again, this enables customers to focus on their core business in the secure knowledge that their applications are in safe hands.

• Business productivity (Microsoft Suite)

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

• Office automation

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

• Customer experience

Together with its clients, Ctac studies how the customer experience can create success for an organisation based on the principle that an optimum end customer experience always leads to profit in the form of increased turnover, a larger range of clients, or a better relationship with the market. And we make this possible. Our CX team specialises in a broad range of solutions that seamlessly fit into any type of enterprise and any strategic objective. And always with the right system for the right company. Ctac has defined this as a prime focus and has taken steps to further intensify this activity by entering into a number of partnerships, including with SAP, inRiver and Bynder.
Through its current customer experience portfolio, Ctac provides its clients with all the means necessary for a personal approach. With the SAP CX components of Sales Cloud, Service Cloud and Field Service Management, complemented by our own XV Retail Point-of-Sale & Loyalty solution, inRiver's Product Information Management (PIM) solution, and other solutions, we are ready to transform our clients' organisations into future-proof organisations.

• Application lifecycle management

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

• Business applications

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

• Change management

Every functional and technical ICT implementation and optimisation strengthens an organisation. Ctac is also an excellent partner for the change component. Together with our colleagues at Purple Square, we not only provide subject-matter expertise, but we also make sure that the stakeholders in your organisation will respond well to the change. The change component should not be underestimated, since, in the end, the actual result is achieved by your colleagues in the workplace.

• Data management

Following on from the staggering growth of data, there is an urgent call from the market to increase the return from 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. A combination of poor quality data and a lack of proper and strategic information management can make itself felt to companies through operational inefficiency, bad decisions, and the inability to exchange data within the ecosystem. Ctac supports organisations in the broad domain of data management together with an eye to data governance, data consistency, data management tooling, and data lifecycle management. Ctac has a strategic partnership with Winshuttle for both data management and workflow.

• Management

After an intensive implementation process, organisations want their SAP/Microsoft systems and office automation – implemented and/or integrated by Ctac – to provide optimal performance, and they also want this to be sustained in the future. As SAP's biggest Platinum management partner and as Microsoft Gold Partner, Ctac has the right tools and know-how in house to provide you with a suitable answer to all emerging issues concerning required new functionality, continuity, performance, capacity and optimisations. Almost 400 expert, functional consultants and ICT specialists are standing by, ready to make this come true time and time again. It is precisely such an integrated approach to technical and functional management that ensures a smooth and cost-effective approach. Besides traditional management according to the ITIL Framework, Ctac also supports 'mode-2' organisations, with Ctac ensuring integral, continuous improvement in conjunction with the customer.

• 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 clients. This product is fully integrated with SAP. Both the primary payment processes and the secondary processes that ensure a closed flow of money and goods on the shop floor can be supported by XV Retail. In these times where there is increasing pressure on physical shops, Ctac is innovating and investing in its solution, and thus transforming it from being just an in-store channel to a set of services that provide price & promotions calculations, 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. The package includes various country-specific requirements (e.g. currency) and statutory requirements (e.g. tax) for this purpose. In 2018, the suite was completely rebuilt and upgraded to the latest technology to be even more scalable and handle large workloads. This new XV5 version has already proven its quality, capacity, performance and reliability.

The future of the XV platform is moving towards a (micro)services driven platform which can support organisations throughout the market in transaction processing and loyalty, regardless of the (user) interface. XV thus forms the generic gateway in unified commerce environments.

The Ctac share

Financial schedule 2021/2022	
05 March 2021	publication of 2020 financial figures
31 March 2021	publication of 2020 annual report
30 April 2021	publication of quarterly report for the first quarter of 2021
12 May 2021	General Meeting of Shareholders
05 August 2021	publication of half-year figures for 2021
28 October 2021	publication of quarterly report for the third quarter of 2021
25 February 2022	publication of 2021 financial figures
23 March 2022	publication of the 2021 annual report
04 May 2022	General Meeting of Shareholders

Dutch Financial Supervision Act

The register of the Dutch Authority for the Financial Markets (AFM) in connection with the disclosure of major holdings of shareholders in securities-issuing institutions as at 31 December 2020 contained the following investors with participating interests higher than 3% (source: AFM).

Date of disclosure	Disclosing Party	Interest
08 July 2015	Decico B.V.	5.06%
01 March 2016	Alpha Holding B.V., Elpico B.V., Invenet B.V.	4.99%
14 March 2016	HECO S.A.	5.08%
01 September 2017	D. Lindenbergh	10.00%
19 November 2020	J.P. Visser	19.16%
08 December 2020	Value8 N.V.	15.71%

Key figures per ordinary share
In € (unless mentioned otherwise)

	2020	2019
Weighted number of average outstanding ordinary shares	13,243,302	12,879,601
Highest closing price	2.94	3.13
Lowest closing price	1.23	1.71
Closing price at year-end	2.86	2.09
Net result	0.23	0.10
Operating result	0.31	0.16
Net cash flow	0.69	0.14
Shareholders' equity	1.70	1.51
(Proposed) dividend	0.08	0.08
Dividend yield based on closing price	2.8%	3.8%

Issued share capital

The authorised share capital amounts to € 7,200,000 and is divided into 30,000,000 shares of € 0.24 as follows: 14,999,999 ordinary shares, 15,000,000 preference shares and 1 priority share. The issued share capital consists of 13,555,203 ordinary shares and 1 priority share.

Development of share capital

The number of outstanding ordinary shares on 31 December 2020 was 13,555,203.

Dividend policy

In principle, Ctac's dividend policy aims to pay out 30 to 40 % of the net profit, with the shareholders being offered an optional dividend. Shareholders who do not indicate their preference will automatically be awarded a dividend in the form of shares. Ctac may depart from this policy in connection with the financing of future growth.

Board of Directors

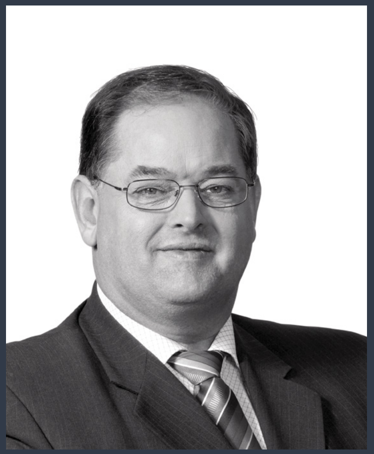
Mr H.L.J. Hilgerdenaar (1960),
Dutch nationality.

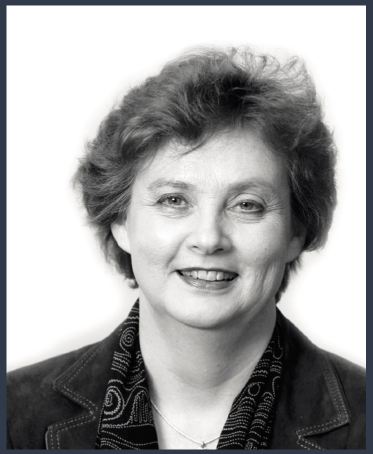
Director under the articles of association
Chief Executive Officer (CEO)

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

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

Supervisory Board





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

Chairman of the Supervisory Board.

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

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

Mr E. Kraaijenzank (1956),
Dutch nationality.

Member of the Supervisory Board of WLN B.V.

Appointed to the Supervisory Board of Ctac in May 2009. The current term is for one year until the date of the 2021 Annual General Meeting of Shareholders.

Ms E. Karsten (1954),
Dutch nationality.

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

Report of the Board of Directors

Introduction

Overview of key figures:

Results	2020*	2019*	2018	2017	2016
(x €1,000)					
Revenue from contracts with customers	87,307	81,232	82,998	81,597	86,230
Net result	3,032	1,262	1,715	2,800	2,613
Employees					
Average number of employees (FTE)	382	377	418	425	435
Ratios					
Operating result/revenue from contracts with customers	5.3%	2.7%	2.9%	4.5%	3.5%
Net result/revenue from contracts with customers	3.5%	1.6%	2.1%	3.4%	3.0%

*) As was the case for 2019, the figures for 2020 do not include Ctac France due to discontinued operations.

Strategy

'Enabling Your Ambition'

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

Ctac's vision is that digitisation will enable organisations to perform better and consequently remain relevant for their customers. That said, the active application of technology alone is not enough. We believe in an approach in which collaboration, trust, knowledge and technology are the pivotal factors for achieving the ambitions of a future-proof organisation.

Our strategy focuses on unburdening our clients and inspiring our employees so that they can realise their ambitions.

We unburden our clients by combining business knowledge with technological knowledge on the basis of our six priority areas:

- *S/4HANA (Move)*

Customers will gravitate towards intelligent ERP. Customers will embark on this digital journey because their traditional ERP system can no longer keep pace with the digital economy.

- *Augmented analytics*

This comes down to automating data analysis with the help of machine learning and artificial intelligence. Customers want to respond to business demands faster and more effectively than their competitors.

- *Integration and security*

The integration of all sorts of cloud and other environments is becoming increasingly important. Environments must be able to communicate with each other effectively and efficiently. A complex environment such as this increases the importance of security.

- *Data management*

Data management involves maintaining, updating, managing and protecting data. Reliable data is essential for being able to perform business processes and take good management decisions.

- *Modern workplace*

The modern Office environment ensures that employees can collaborate more effectively, more efficiently and more securely.

- *Control and architecture*

Put briefly, we want to help customers to learn more about – and introduce structure to – their information management systems and IT in their organisations and offer them a way of managing them.

We expect the Dutch and Belgian markets to increase their need for business consultancy support in order to fully utilise the potential offered by digitisation. Technological developments such as predictive analytics, robotics and artificial intelligence influence the sectors in which Ctac is active. Ctac believes that the rise of the Internet of Things (IoT) and blockchain will also lead to a greater need for support. IoT connects other technologies which will lead to new value chains and ecosystems.

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 2020, 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 unburden customers by providing high quality and specialist solutions.

The strategic focus for the coming year is on growth, both autonomously and through acquisitions, an example of which is the acquisition of Purple Square.

Ctac draws a distinction between the following strategic objectives.

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

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

Markets in which Ctac is active

Ctac approaches the markets in which it operates – retail, wholesale, manufacturing, real estate and cross-industry – in a way that is consistent with its propositions. This is the result of a more clearly defined strategy, in which specialist knowledge of various market sectors has been chosen as the binding factor. In addition, Ctac will expand its cloud services and business productivity operations to broaden its market focus, building on its cross-industry philosophy with specific attention being given to professional services, utilities, and food and agri.

Ctac targets existing and newly defined markets and areas where it wishes to and can play an active role, and where its portfolio model based on business consultancy, cloud and management services and SAP, InRiver, Dell Boomi and Microsoft software products can be applied. Ctac aims for a well-balanced distribution in this model, while continuing to endeavour to have cloud and management services constitute at least 55% of its revenue.

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

Business Services

This business unit includes all Sales and Business Development activities. The emphasis here is on acquiring new assignments, developing new Value Propositions and further developing existing ones.

Delivery Services - IP and Projects
This business unit contains all SAP and Microsoft-related activities for specific markets and across markets. It forms the basis for Ctac's operations in the following market sectors: retail, wholesale, manufacturing and real estate.

The strategic solutions XV Retail and the Fit4 platform (Fit4Woco and Fit4RealEstate) are part of this business unit. Both the development of the product, as well as maintaining and adjusting it, is carried out in close consultation with the clients. XV Retail now holds a leading position in a highly competitive market both in the Netherlands and in Belgium. Our XV Retail solution operates internationally, is used in seven different countries and complies with statutory and tax rules that apply in those countries.

Delivery Services - Management
This business unit offers cloud services (integration, management, hosting and cloud transformation and migrations) and is not linked to specific market sectors in this respect. Through its Cloud Services, Ctac takes over the management of its clients' systems and applications. Cloud Services supports the whole life cycle of systems and applications, so that clients can focus fully on their core business. Cloud Services increasingly focuses on cloud integration and security, enabling us to unburden our clients by safely and securely connecting the clouds from which clients purchase services.
The rising threat from cybercrime combined with increasing dependency on information management systems means that security measures have to be continuously tightened up. This is an ongoing process to enable us to continue to guarantee the integrity, availability and confidentiality of customers' information. This expertise is increasingly being implemented as separate services (protection, detection, repression, compliancy and consultancy) at customers'.

The combination of business knowledge in Ctac's focus sectors and their in-depth knowledge of SAP and other business applications makes customers willing to hand over the operation of their IT landscape to Ctac (after implementation).

Apart from operating customers' integrated business backbone (business software, integration and underlying infrastructures), workplace support for customers has recently expanded considerably. Service provision in terms of workplace management (Microsoft Office, Teams, SharePoint and device management) grew substantially. In addition to one-off implementation and onboarding services, long-term management contracts and licence agreements are increasingly often emerging from them.

Time and again, this combination of services makes Ctac the primary contact for the customer for all its IT operations, whereby it assumes control of the entire range of service providers for that customer.

Professional Workforce
By professional workforce, we mean all Ctac employees, apart from management. These employees are deployed to our delivery services. Strategic personnel planning – partly based on our market approach and our portfolio of propositions – helps us to decide on the required composition of the workforce for the near future and establish an appropriate recruitment and training strategy. In so doing, we create a balanced workforce to respond to the short and long-term delivery demand.

Our people managers, expertise groups and various internal initiatives support our employees' personal development and engagement.

Data Centre Facilities
Ctac has moved its data centre activities for operating SAP and Microsoft services to Equinix, Digital Realty and Interxion. These data centres were selected carefully to enable us to market our private cloud propositions extremely stably and securely. Due to their unique position and redundant direct connection to the Amsterdam Internet exchange (AMS-IX) – one of the world's largest data communication hubs – there are almost unlimited opportunities for fast, secure service provision anywhere in the world. Ctac unburdens entrepreneurs and organisations by helping them to structure, maintain and renew high-quality IT infrastructure and to develop and implement sector-specific iPaaS (integration-Platform-as-a-Service), PaaS (Platform-as-a-Service, IaaS (Infrastructure-as-a-Service) and SaaS (Software-as-a-Service) solutions. Capacity management for data centre facilities and infrastructures is arranged in such a way that it can flexibly scale up or down in line with needs and market trends, such as public cloud adoption, hybrid cloud operation and multi-cloud integration.

Ctac Resourcing
Ctac's secondment operations are positioned under Ctac Resourcing. Ctac has focused on the secondment of SAP consultants for many years through Resourcing. Since mid-2019, consultants have been seconded to broader IT areas. That has led to a broader service provision, particularly at larger clients, and a considerable increase in revenue. Resourcing's aim is to expand this broader service provision to existing and new clients over the coming years.

In the past, Resourcing activities were operationally integrated with Cloud Services and Consulting activities. This had a positive effect on the development of and collaboration between the various business units, and on flexibility and continuity. In addition to the secondment of consultants to clients, Resourcing is also responsible for hiring external consultants for Ctac Resourcing, Ctac Consulting and Ctac Cloud Services. When hiring consultants, Resourcing makes use of a large, high-quality network of freelancers and a number of partners who employ consultants.
Ctac Resourcing also employs its own consultants who work according to a 'midlance model'. In this model, consultants' income is largely determined by the revenue they generate each month. This form of employment is a cross between employment on a fixed salary and working on a freelance basis.
All these options put Ctac in an excellent position to cater not only to today's labour market but also future labour markets.

Key developments
Initiatives, partnerships and certifications

Partner management
Ctac and Microsoft collaborate strategically in matters relating to SAP and Azure services. Two key priorities in this collaboration are: SAP on Azure and the Modern Workplace. All Cloud Sales are now Azure-certified and Ctac expects to attain the Microsoft Advanced Specializations Windows Virtual Desktop, SAP on Azure and Adoption & Change Management in early 2021.

Growth emerged in Line of Business Resourcing mainly in the form of increased revenue from existing major customers such as **PVH** and **Jumbo**. To focus more attention on new clients too, a dedicated New Business Sales was appointed on 1 October 2020. More attention is now also being paid to IT-wide secondment.

Fit4RealEstate, Ctac's standard cloud solution for commercial real estate investors/managers went live at **HB Capital** in early 2020, within 12 weeks of onboarding starting. This was possible due to the standardisation of processes, online user training and smart conversion resources. In so doing, the promise to be able to work from one database with one package was met for both asset management and property management.

AHAM Vastgoed also went live with Fit4RealEstate on 1 November 2020. The implementation of Fit4RealEstate at the above-mentioned parties signified a crucial step forward in the commercial real estate market.

Heylen Vastgoed (Boretti, Royal Mint) has chosen Ctac as its new trusted SAP-partner. Ctac's first task in the partnership will be to migrate Heylen Vastgoed's systems to Azure. As part of the Heylen Group, Boretti has now also become a customer of Ctac: Ctac will supply it with a new Product Information System (inRiver).

Multipharma (260 pharmacies) has gone live with S/4HANA on Google Cloud, and all the integration activities were completed successfully.

Following a selection process, **Nationale Hypotheek Garantie** chose Ctac as its integration partner for its digital strategy. The implementation and managed services for this complete integration solution will be done with Dell Boomi.

IGM has chosen Ctac as its partner for Microsoft services. To fulfil IGM's digital ambitions, Ctac will migrate the application landscape to Azure and manage its modern workplaces and Office 365 for IGM employees worldwide.

BBA Pumps has chosen Ctac for its entire Microsoft and SAP services. Ctac will help BBA Pumps to fulfil its digital ambitions and will continue to support this global player in mobile pumps as it implements its digital roadmap and process improvements in and around the ERP landscape.

Crop's cultivates, produces and sells frozen fruit, vegetables and ready meals. As part of its continuing digitisation, the company asked Ctac to make a web order portal on the basis of the Ometa framework. Following its successful implementation, Ctac was asked to reproduce its NPI/NPD (New Product Introduction/Development) in the Ometa framework. Its strength lies in collaboration between various departments/companies. It was implemented in a short time to the great satisfaction of the organisation.

Ctac has signed a cooperation agreement with Bynder, the market leader in Digital Asset management (DAM), has further expanded its partnership and collaboration with inRiver and has taken the next steps in its partnership with Winshuttle. In so doing, Ctac has strengthened its customer experience and data management portfolio. For customers, this means that, from now on, they can call on Ctac to unburden them on all aspects of data management.

Ctac has furthermore joined the Brainport Development (Eindhoven) High Tech Software Cluster which will enable Ctac to promote itself as a relevant IT partner.

ISAE 3402 report
In February 2021, EY issued an unconditional ISAE3402 type II report for the 2020 financial year following its audit of the design, existence and operation of Ctac's cloud services control framework.

ISO27001:2013 Information security
Ctac has held an ISO27001 certificate for many years and after successfully passing a full re-certification audit by KIWA in September 2020, Ctac can continue using this certificate.

ISO9001:2015 Quality
Ctac is not only ISO27001 certified, but it also holds an ISO9001 certificate. An audit completed in September 2020 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.

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

CTAC'S MISSION IS TO FACILITATE ITS CLIENTS' AMBITIONS BY TRANSFORMING INFORMATION TECHNOLOGY INTO ACTUAL BUSINESS VALUE

Selection of new participating interests/projects/contracts

Galeria Inno, founded in 1897, is one of Belgium's most well-known retailers. Galeria Inno currently has 16 branches with 320 cash desks. As it transforms into a full-scale click-and-brick retailer, Ctac is helping the company to lay solid foundations and architecture. In concrete terms, SAP/4HANA will be used as the system of records, supplemented by Ctac IP in the form of XV (POS) and OCL (Loyalty). Ctac will also be responsible for integration and analytics. The entire solution is to be hosted in Ctac's private cloud.

For fifty years, the Belgian social enterprise **WAAK** has been creating sustainable and adapted employment with opportunities for self-development for disadvantaged people in the labour market. Two thousand sustainable jobs create real added value for small and large companies in Belgium and beyond. Following a long, structured selection process, Ctac was chosen as its overall business and IT partner. Over the coming years, Ctac will include WAAK in its digitisation on the basis of S/4HANA best practices. The systems will be hosted by SAP, but Ctac will be in charge, so that WAAK is completely unburdened.

Sumitomo Chemical Europe is one of Ctac's long-term partners - we have managed its global SAP systems in our private cloud for over 10 years. The organisation is also counting on Ctac for its new analytics solution (BW4HANA + SAC). This solution will run on a hyperscaler, which Ctac will take complete charge of.

Werminval is a Belgian social enterprise that offers work and support to disadvantaged people in the labour market. The not-for-profit association provides workshops for more than 500 people in Antwerp and the surrounding area. Following the successful implementation of ERP in 2012, Ctac examined all its business processes during explore days to identify ways for Werminval to increase efficiency. After having guided users through these improved processes, the ERP system was tackled by upgrading the existing SAP system to S/4HANA. The project was successfully completed in a short time to the great satisfaction of management and users.

Increasing numbers of organisations are making use of the latest data analysis technologies to understand their customers better, to analyse performance and develop new services. For the 13th year in a row, Microsoft has been acclaimed Leader in the Gartner Magic Quadrant 2020 for platforms for analytics and business Intelligence. Ctac is helping the **Raad voor Rechtsbijstand** (Dutch Legal Aid Board) and **WVDB Adviseurs Accountants**, among others, to set up and implement their Microsoft Power BI-platform.

Ctac and Microsoft are delivering a powerful, innovative, scalable and flexible SAP platform service with SAP on Azure. Ctac has recently migrated the **BrandLoyalty** SAP landscape to Azure. The most important grounds for doing so were cost effectiveness, scalability and flexibility, integration possibilities with the Microsoft Office 365 cloud and the many functions and technological options the Azure platform has to offer.

Measures taken to combat the coronavirus have accelerated technological developments at many organisations. Solutions such as Microsoft Teams are being adopted on a massive scale for phoning, chatting and meeting remotely. Ctac has helped many organisations to implement and use them, often in combination with a new modern workplace arrangement aimed at maximum employee satisfaction and employee productivity. Organisations such as **Milgro**, **BrandLoyalty and IGM** outsourced their workplace management to Ctac this year.

Financial trends

Revenue
Revenue came in at € 87.3 million in 2020, an increase of 7.5%, with 1.0% of this organic growth. Clients postponed or limited their IT investments, especially in the sectors hardest hit by the Covid-19 outbreak, such as retail. On the other hand, thanks to our even spread across sectors, our exposure to more vulnerable sectors remained relatively limited. Alongside the above-mentioned decline in demand, we saw an uptick in demand for IT services aimed at optimising digital work environments for home working and remote working.

Revenue per service*
€ mln

	2020	2019	Delta
Secondment and projects	44.2	38.1	+16.0%
Cloud services	33.4	33.7	-0.9%
Licence and hardware sales	3.0	1.9	+57.9%
Maintenance contracts	6.7	7.5	-10.7%
Total	87.3	81.2	+7.5%

*) As was the case for 2019, the figures for 2020 do not include Ctac France due to discontinued operations.

Secondment and projects recorded a 16.0% rise in revenue, largely driven by the business transformation projects of Purple Square, which we acquired in January 2020. Cloud Services saw a slight decline in revenue.

Revenue from licences came in 57.9% higher, driven primarily by sales of our own software licences for XV Retail. Meanwhile, revenue from maintenance contracts declined by 10.7% due to the increasing use of Microsoft Azure.

Staff and productivity
The number of direct FTEs had increased by 8.9% at year-end 2020, largely as a result of the acquisition of Purple Square. Staff turnover was low throughout the year. In 2020, we optimised the number of indirect employees.

The average number of FTEs increased by 3.6% last year. The revenue per employee (on the basis of the average number of FTEs) increased by more than 3.8% to € 304,000 in 2020 (2019: € 293,000).

Staff and productivity*
FTE (unless otherwise stated)

	2020	2019	Delta
Secondment and projects	195	184	+6.0%
Productivity	68.4%	65.6%	+2.8%
Year-end			
Direct	294	270	+8.9%
Indirect	90	98	-8.2%
Total	384	368	+4.3%
Average			
Direct	287	277	+3.6%
Indirect	95	100	-5.0%
Total	382	377	+1.3%

*) As was the case for 2019, the FTEs for 2020 do not include Ctac France due to discontinued operations.

Operating result and margin
In 2020, we reduced our cost base on a structural basis, driven by the accelerated optimisation of the number of indirect employees, operational improvements and cost savings. EBIT increased by 95.8% to € 4.7 million, while the EBIT margin improved to 5.4%.

EBIT included a one-off expense of approximately € 1.8 million (2019: € 2.2 million). In 2020, these expenses consisted of consultancy costs for two acquisitions and redundancy costs. In addition to this, Ctac recognised a limited non-cash write-down (€ 0.2 million) on capitalised development costs for the Fit4 SaaS solutions in connection with the delayed commercial roll-out due to the Covid-19 pandemic. Excluding oneoff expenses, EBIT increased by 41.3% to € 6.5 million (2019: € 4.6 million).

Operating result and margin*
€ mln (unless otherwise stated)

	2020	2019	Delta
EBITDA	10.2	7.9	+29.1%
Margin	*11.7%*	*9.7%*	*+2.0%*
Depreciation and amortisation	5.6	5.5	+1.8%
EBIT	4.7	2.4	+95.8%
Margin	*5.4%*	*3.0%*	*+2.4%*

*) As was the case for 2019, the figures for 2020 do not include Ctac France due to discontinued operations.

(EBITDA relates to the operating result before depreciation/amortisation.)

Net profit and and result per share
Net result increased to € 3.0 million in 2020. This corresponds to earnings per weighted average outstanding ordinary share of € 0.23.

The total number of outstanding ordinary shares stood at 13,555,203 at year-end 2020, an increase of 4.8% or 623,802 shares, due to the fact that the dividend for the 2019 financial year was fully paid out in shares.

Net profit and result per share
€ mln (unless otherwise stated)

	2020	2019	Delta
Financial expenses (net)	0.4	0.2	+100.0%
Net result	3.0	1.3	+130.8%
Earnings per share (in €)	0.23	0.10	+130.0%

Balance
As a result of the acquisition of Purple Square, Ctac's intangible fixed assets increased by € 6.5 million. Right-of-use assets increased by € 4.4 million, largely due to the extension of the lease contract for the head office in 's-Hertogenbosch.

Trade and other receivables declined by around € 0.2 million and stood at € 16.8 million per year-end 2020, primarily as a result of the faster payment of receivables. The short-term and long-term lease liabilities stood at € 10.7 million per year-end 2020 (year-end 2019: € 6.5 million).

Ctac's bank borrowings are fully related to the financing of the Purple Square acquisition and stood at € 3.8 million per year-end 2020, with € 0.9 million of these short-term borrowings. The earn-out obligation to the minority shareholder in Purple Square amounted to € 1.7 million at year-end 2020. Trade and other payables stood at € 23.4 million at year-end 2020 (year-end 2019: € 18.4 million). This increase was partly due to the consolidation of Purple Square.

As a result of the addition of net result for 2020 (€ 3.0 million) and the fact that the dividend for 2019 was fully paid out in shares, Ctac's shareholders' equity had on balance risen by 15.4% to € 22.5 million at year-end 2020 (2019: 19.5 million).

Cash flow and investments
The net cash flow increased to € 9.1 million in 2020 (2019: € 1.7 million). This was driven by a better operational performance and a stronger emphasis on cash, which improved working capital, and a sharp reduction in investments in tangible fixed assets. In addition to this, the decision to pay out the dividend for the 2019 financial year fully in shares, as a precautionary measure, had a positive impact on the company's cash flows. Ctac's net cash position increased to € 10.6 million at year-end 2020.

Ctac continued to invest in developing its own software platforms further in 2020. Ctac is expanding its XV Retail software platform with a pricing and promotion engine.

In addition, Ctac invested in the acquisition of the 70% stake in Purple Square.

The existing credit facility was not used and stood at € 6.9 million as at year-end 2020, putting borrowing capacity at € 17.5 million. Limited enlargement of the facility is expected for 2021 due to the acquisition of Oliver IT. In the short-term, the facility will be committed for a period of three years.

Ctac's liquidity and capital position is good and give the company a solid basis for continued growth.

Cash flow and investments
€ mln (unless otherwise stated)

	2020	2019	Delta
Net cash flow	9.1	1.7	+435.3%
Net cash (at year-end)	10.6	1.5	+606.7%
Solvency (at year-end)	34.9%	42.9%	-8.0%

Dividend proposal
Ctac will propose to the General Meeting of Shareholders to pay out an optional dividend of € 0.08 per ordinary share (2019: € 0.08 per share) for the 2020 financial year. This corresponds to a pay-out ratio of around 35% of the net profit. Shareholders who do not express a preference during the option period will be paid their dividend in the form of shares.

France
Operations in France were discontinued in 2020. Revenue from these activities was € 0.3 million in 2020. The net result amounted to a loss of € 1.6 million, including the one-off charge for discontinuing the activities and the one-off write-down of deferred taxes in France of € 1.0 million which is compensated by the recognition of deferred taxes as a result of loss compensation in the Netherlands.

Integration of Purple Square
The performance and integration of the Purple Square acquisition is going to plan. Sales activities are taking place in a coordinated fashion and collaboration as regards back office activities is seamless. This confirms the basic principles of our growth strategy.

Legal structure
The entities Alpha Distri B.V., Ctac Quality B.V., Persity Search B.V. and Ctac Belgium BVBA were liquidated in 2020. The interest in Ctac Resourcing B.V. was expanded by 6.4% in 2020 and is now 100%. Ctac acquired a 70% stake in Purple Square Management Partners B.V. in 2020.

Post-balance sheet date events
The acquisition of a 51% majority interest in Oliver B.V. was completed on 14 January 2021. The acquisition was financed entirely from our own funds. Ctac has entered into the business combination with the intention of achieving certain synergy benefits in terms of the integration of the sales function. This will enable Oliver's products and services to be offered to Ctac's existing customers and Ctac's products to be offered to Oliver's existing customers. These procedural synergy benefits of the business combination will lead to goodwill being created from the business combination of Ctac and Oliver.

Personnel developments

Covid-19
2020 was the year in which the Covid-19 pandemic broke out. It affected Ctac too. From mid-March 2020, our staff began working predominantly from home and occasionally in the office. Ctac's employees managed to adapt to this reality in a very short time. Service to customers and internal collegiality remained at a

high level. The new situation made new demands on collaboration, leadership and communication. Partly because everyone realised the enormous importance of social cohesion, these demands were met successfully and speedily in 2020.
At the same time, the Covid-19 situation led Ctac to implement some restructuring, particularly in terms of efficiency in the indirect arena. Ctac sustained its recruitment efforts throughout this period, but became more selective about job vacancies.

Focus on employees
The only way for Ctac to realise its ambitions is with highly qualified and motivated employees. Employees are Ctac's main asset. Their talent is critical to our strategy: realising our customers' ambitions. By implication, we also enable our employees to achieve their personal ambitions at Ctac. Ctac's human resources policy therefore aims to create a working climate in which there is room for personal growth, development and initiatives. This responsibility is shared by employees, managers and Ctac alike. Work/life balance remained an important part of the human resources policy, certainly in 2020.

Three brief 'pulse-taking' questionnaires circulated during the year provided information about colleagues' experiences. Teamwork and collaboration came out as top priorities. Because of that, we have chosen to include 'collaboration' as a key competence for every position within Ctac, which means that this competence will always be discussed during the review cycle. An employee satisfaction survey was conducted in the Netherlands and Belgium in November 2020, with the help of Effectory. The response was 78% and, once they have been analysed, the most important outcomes will be incorporated into an action plan.

Ctac is a knowledge-intensive organisation in a dynamic market and competitive labour market. Investing in our employees is essential. Employees are facilitated to meet the requirements of their position and encouraged to continue to develop. Ctac consequently recognises the necessity of structured training as a tool, not only to maintain knowledge and skills, but also to respond to employees' personal training and development needs. The guiding principles for this development, in the form of personal goals, are formulated each year by the employee in consultation with their manager. These personal goals are based on the employee's ambitions, but must also support Ctac's ambitions. To facilitate this philosophy, the implementation of the CtacAcademy was prepared in 2020 to make it ready to start in January 2021.

Organisation and senior management structure
The Supervisory Board held several discussions with the Board of Directors regarding the succession of senior managers who are approaching retirement age. The Board of Directors, supported by a renowned external expert, adopted a new senior management structure in February 2020, which is planned to mainly comprise people who have moved up through the organisation.

Following some changes started in 2019, a few more adjustments to the senior management structure were made in 2020. The Board of Directors has been expanded with a Chief Operations Officer, as a means of staying one step ahead of strategic ambitions. The Chief Operations Officer is not a member of the Board of Directors under the articles of association.

Strategic Personnel Planning
Ctac is actively implementing Strategic Personnel Planning (SPP) and Future Workforce Planning (FWP). As the market and technology evolve, Ctac's workforce has to evolve with them in order to be able to offer customers the latest developments. Increasing attention is paid to translating market and technology developments into the talent Ctac needs. What will this mean for Ctac in a few years' time? How do we start to define our priority areas for this right now? This will range 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. Arrangements will also be put in place for succession planning, talent management and recruitment through SPP and FWP. SPP and FWP were implemented in Belgium and the Netherlands in 2020.

Learning and development
Ctac has been offering a development programme to create an optimum working climate to foster the development of soft skills since 2018. The goal is a 'best fit' between organisational strategy and soft skills in order to achieve Ctac's proposition as a sparring partner for its customers. By offering an easily accessible platform available 24/7 which gives all employees plenty to choose from, Ctac has also increased the commitment and sustainable employability of its personnel. The soft skills development programme was evaluated in mid-2019. A generic user report led management to decide to continue to offer the online soft skills development programme to our employees in 2020.

Talent management
Competition in the labour market is fierce. Attracting and developing employees is therefore of great importance to Ctac and talent management features very high on the HR agenda. 'Enabling Your Ambitions' also applies to employees' talents. The Talent & Career programme was developed for a group of employees capable of forging ahead in their careers and ambitious to do so. The first group started in 2019 and a second group of colleagues from the Netherlands and Belgium was even able to start despite the Covid-19 situation. This customised programme allows us to respond to development needs, and in the longer term, it will also benefit succession planning. Ctac thus optimally leverages its talent to ensure the continuity of the organisation.

Diversity and inclusiveness
There cannot be diversity without inclusiveness. Diversity is what people see and perceive, inclusiveness is what they feel. These are two different things. On average, 21% of employees at Ctac were female in 2020. However, diversity is not only about gender ratios, it is especially about respect for the differences between employees and/or their sociocultural backgrounds and attitudes to life. Ctac attaches particular value to diversity within the organisation, where the key focus is not on a single employee's knowledge or capability, but on the collective knowledge and capabilities of all employees. Ctac is open to everyone as shown by the opportunities employees are given to grow.
The company has demonstrated that it actively advocates diversity through the dialogue on this subject between management and employees. Ctac employees share the feeling that everyone is entitled to a safe working climate, where working together based on respect is the norm. The 'Transgender Personnel' guideline continues to be an example of this.

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

Vitality and prevention of absenteeism
Ctac pursues an active absenteeism policy to prevent long-term absence by providing information to management on recognising initial symptoms of illness and on possible preventive measures. In so doing, Ctac is attempting to reduce absenteeism due to illness. In 2020, absenteeism due to illness decreased to 3.8% (2019: 3.5%). There is an active focus on absenteeism management to prevent absenteeism and promote the employability of employees.

Vitality and company fitness scheme
Fit 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 including sufficient exercise. That is why we offer our employees a company fitness scheme.

Continuation of Preventative Medical Examinations
Preventive Medical Examinations (PMO) have been found to be of great value in increasing the health awareness of employees who participated. Findings at organisational level have been translated into a vitality policy. In 2020, agreements were made with the Jeroen Bosch Hospital to offer employees a PMO with effect from 2021.

Recruitment and Employer Branding
We continued to build on improving Ctac's reputation as an employer in a scarce labour market in 2020. Ctac's online recognisability was strengthened by sharing consistent content about Ctac, our proposition and our projects with the relevant target groups; we thus created a distinctive position as an employer. The online candidate journey was assessed for each target group and optimised where necessary.

We worked on creating an employer brand in 2020 by drawing on Ctac's identity and values. An Employee Value Proposition was also drawn up. This brand has been translated into various messages which will be published and introduced in the coming period. A new campaign was launched at year-end 2020, entitled 'Your Talent'. Our own employees were enlisted for this: they talk about their jobs, experiences and challenges at Ctac. This content will specifically target relevant groups on social media.

Ctac continues to have intensive contact with universities. For example, we take an active part in speed meetings and facilitate guest lectures and internships in various universities of applied sciences, in order to introduce Ctac to talented future graduates. This bore fruit in 2020 in the form of the arrival of interns, and we will continue to focus on this in the coming years.

Our employees are an important recruitment channel; they are our main ambassadors on the labour market. In 2020, an additional incentive was again initiated to continue to encourage them to bring new employees. For example, colleagues are now given a consideration for their referral earlier in the process. This consideration varies for each stage in the recruitment process, ranging from a gift voucher to a relevant recruitment bonus, which has recently been substantially increased. Putting this referral scheme in the spotlight has our continuous attention.

Scarcity in the labour market
Scarcity in the IT labour market is here to stay. Demand for IT professionals has been growing faster than their availability on the labour market, partly due to current digitisation developments. Digital transformation in organisations is increasingly becoming an essential business requirement, increasing demand for IT professionals. Many candidates are latently looking for new jobs: they are not actively looking, but given the right conditions they will be open to a new challenge. We have identified the main pull factors and terms of employment for each target group, so that they can be included in our recruitment strategy. As such, Ctac focused on recruiting junior IT professionals in 2020, which resulted in the recruitment we had hoped for in the second half of 2020.

Employee participation in decision making
The Works Council was expanded in 2020 from five to eight members, bringing the numbers up to strength. This will not only benefit formal employee participation, but also the informal dialogue between the Board of Directors and the Works Council. All aspects of the company's operations are discussed on a regular basis. A member of the Supervisory Board attended two of these meetings in 2020. Recurring agenda items in these meetings are market and result trends, organisational changes, and the human resources policy. The Works Council again made a positive contribution in 2020 by providing their opinion and/or consent in various matters. Examples include:
- restructuring of indirect positions;
- altering Ctac's senior management structure;
- measures concerning Covid-19;
- changes to conditions of employment.

The Covid-19 crisis was also informally discussed with the Works Council on numerous occasions.

Sustainable business practices

Corporate Social Responsibility at Ctac
The long-term vision and continuity of Ctac are the most important themes regarding corporate social responsibility. In addition, there is clear awareness of sustainable business practices in the IT market. The scarcity of natural resources and the finiteness of fossil fuels have also affected the sector. For instance, the Dutch government endeavours to procure all of its products and services in a sustainable manner, including IT 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_2 emission are actively promoted by providing evidence for our 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 multiple ways in terms of sustainability: socially and societally, as well as economically.

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

Optimising the Carbon Footprint was the starting point for Ctac's approach to the P for Planet. The Carbon Footprint reports produced in recent years show that the majority of the CO_2 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_2 emissions have decreased substantially in recent years. Nonetheless, this objective will be maintained for the next few years. In 2020, Ctac's CO_2 emissions were 53% less, compared to our fuel consumption in 2019, i.e.: 65 tonnes of CO_2 less. With electric cars having been added to Ctac's terms of employment in 2019, the company expects a greater reduction in CO_2 emissions in the near future. CO_2 emissions in 2020 were substantially less due to the Covid-19 situation when many people worked from home.

For the P for Profit, products and services are being used/developed whereby the focus is on sustainability. These products will generate savings for Ctac's customers in terms of energy, waste and CO_2 emissions. Ctac works with customers, suppliers and business partners to contribute to a healthier environment.

Sustainability
Sustainability has become a permanent topic of public 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 IT, while IT – 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-signer of this energy coalition. Sharing knowledge and experience, and being an experimental site for sustainable innovations are the BEC's guiding 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, including those 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 continues to reduce the CO_2 emissions of its car fleet. Ctac attaches great value to monitoring the CO_2 emissions resulting from its operations. This is why it has prepared a Carbon Footprint report for several years in a row. It makes it possible to analyse the differences between years and it provides a point of reference for taking measures designed to increase the organisation's level of sustainability.

Besides the company's goal to reduce the CO_2 emissions of its car fleet, sustainable waste processing was the focus for 2020. This included separate waste collection and reducing waste, e.g. by replacing disposable crockery by recyclable products. It also included reducing food waste at the company restaurant. Apart from introducing these measures to make Ctac a more sustainable company, Ctac also wants to raise awareness among its staff.

Ctac's Carbon Footprint in 2020
The energy consumption data for 2020 related to accommodation, the internal and external data centres, and employee mobility were used to calculate the overall CO_2 emission 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: scopes 1, 2 and 3. The CO_2-generating activities that Ctac has included in its calculations are defined for each scope.

Ctac's total emissions in the 2020 calendar year amounted to 956 tonnes of CO_2. This represents a decrease in emissions of almost 43% compared to the 2019 calendar year. The primary reason for the decrease was the fewer number of kilometres driven in connection with the Covid-19 pandemic. Because the number of leased cars remained basically the same, our objective has been achieved. Lowering this CO_2 emission once again will also be an objective for 2021.

Scope 1
Scope 1 is concerned with the direct emission of greenhouse gases. The direct emission of CO_2 is caused by the use of fossil energy carriers (natural gas, petrol, etc.). To calculate the CO_2 emissions, the use of fossil fuels is identified and converted into CO_2 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 573 tonnes of CO_2 in 2020 (2019: 1,226 tonnes). This decrease can be explained by the substantial drop in commuting in 2020 as a consequence of measures taken to combat Covid-19. The Scope 1 CO_2 emission accounts for the largest share of the total emissions. This is generally the case for companies involved in providing commercial services. 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_2 footprint also includes indirect CO_2 emissions resulting from the consumption of electricity. While the conversion of electric power into 'usable' energy does not release any CO_2 emissions (in other words, there is no combustion inside an electric appliance), when electricity is produced in a power plant, emissions do occur. Ctac is therefore indirectly responsible for these CO_2 emissions through its purchase of electricity.

Ctac's total Scope 2 CO_2 emission in 2019 was 457 tonnes. There was a decrease in this scope in 2020 compared to 2019, since this scope amounted to 383 tonnes for Ctac in 2020. This is a 16% decrease.

Scope 3
Finally, organisations release indirect CO_2 emissions which, although a consequence of their activities, are generated by sources not owned or managed by these organisations. For example, CO_2 emissions are generated by employees commuting, business travel using private cars, the processing of waste generated by the organisation, the production of the materials procured by the organisation, etc. The organisation has no direct influence on these emissions. These indirect emissions fall under Scope 3 emissions.

In the context of Scope 3, Ctac has identified a limited number of CO_2 emission sources. Ctac's total CO_2 emissions in this scope in the 2020 calendar year amounted to 0.07 tonnes (in 2019: 0.22 tonnes).

Ctac quality, information security and privacy

Ctac has had a clear information security policy, firmly rooted in our organisation, for several years. This policy is based on several pillars, standard parts of which include employee awareness, the configuration of various processes and internal and external audits of processes and methods. Ctac has been ISO27001 certified since 8 December 2008. Because information security is an integral part of Ctac's services and is instrumental in defining the quality of its services, Ctac has held an ISO9001 certificate since 2009. The ISO certificates have never been ends in themselves; they help Ctac to make sure the company will not lose the focus on its services. Ctac seeks to achieve a continuous process of optimisation and improvement, including by applying the principle of 'security by design' which raises the quality of our processes, product delivery and our working methods.

In 2021, Ctac's situation as regards certificates was still excellent. KIWA Nederland B.V. conducted a follow-up audit of the ISO27001:2013 and ISO9001:2015 control measures in 2020, as a result of which Ctac can retain its ISO certificates. This is proof that the Ctac organisation has reliably mastered specific ISO elements, including ownership, process responsibility and management participation.

Privacy is and will remain a key element in Ctac's strategy. As an IT organisation, we not only owe it to ourselves but also to our customers. The privacy aspect and the implementation of the measures described in the GDPR will remain a permanent part of Ctac's activities.

In addition to the ISO certifications and the continuation of the GDPR, ISAE3402 type II reporting for 2020 has also been implemented, resulting in a report that carefully tests the functioning of the Plan Do Check Act cycle of the Ctac ISAE3402 framework. This audit was once more conducted by EY in 2020. Ctac also passed this audit and can produce a sound, unconditional ISAE3402 type II report again in 2021.

Besides our continuous effort to safeguard optimally functioning cross-domain management systems with the corresponding tests and certificates, there is of course also always room for possible additional requests from our clients.

Risk profile and risk management

Risk attitude
The Board of Directors has final responsibility for the risk management system. It endeavours to limit risks and to avoid taking any substantial risks without their being reduced to a level acceptable to Ctac. To identify and mitigate risks, Ctac has created its own risk framework with associated mitigating measures. The risk management system was designed on the basis of this framework and is used to analyse risks. The effectiveness of the measures is assessed at regular intervals as they apply to Ctac's business processes. The internal controls are constantly evaluated and further professionalised. Ctac has implemented a continuous 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 long-term value creation for all stakeholders through growth and a positive profitability trend. Ctac aims to achieve this long-term value creation by systematically coordinating its technical and commercial activities as part of its strategy and adapting the nature and size of the organisation accordingly. In 2020, Ctac once again invested in its IP products such as XV Retail, Fit4RealEstate and Fit4Woco. Ctac aims to achieve 'new' revenues in the longer term through these products. Investing in and offering opportunities to employees to enable them 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 design, 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 staffing level, 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 completed 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.

Ctac worked on the further optimisation of risk management and internal control systems again in 2020. Ctac is aware that such systems cannot offer absolute certainty. A distinction can be made between the following important elements 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 effective IT solutions. The developments in the markets in which Ctac operates occur 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. To prevent this from happening, Ctac works with its permanent partners to stay up to date with the latest developments in the market and at the same time, collaborates as much as possible with customers to improve their processes so that these new technologies can be introduced. There remains a growing desire among customers to enter into a fully-fledged partnership. Organisations increasingly depend on optimally functioning IT 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 IT services market is a mature market. The emergence of niche players is putting pressure on prices and margins. Ctac tries to mitigate this risk by making clear strategic choices regarding its positioning in the market and by continuously investing in the development of its employees' competencies and skills.
- Acquisitions: if Ctac acquires any companies, its ultimate objective is to maximise the synergies envisaged. If acquisitions are involved, the first step is to assess whether there is a sufficient 'strategic and cultural fit'. Ctac will then establish a realistic price and an adequate Post-Merger Integration path.
- In order to mitigate downward risks concerning its turnover, Ctac has set itself the objective of ultimately generating approximately 50% of its total annual turnover from long-term contracts and from the day-to-day services demanded by our existing customer base. Ctac serves some 600 customers in several different sectors. This broad exposure to relatively large customers is Ctac's way of minimising any downside risks for its turnover.
- In order to be able to anticipate a potential reduction in IT 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.
- More and more companies are exploring the possibilities of the public cloud and the integration of applications which different clouds offer. It is difficult

to estimate the speed at which this process will develop in the future. Ctac continuously adjusts its business propositions in order to optimally respond to this from a commercial point of view. Ctac tries to prevent any adverse effects on its revenue and results due to the migration of clients' systems from Ctac to public clouds by correctly defining contracts with both clients and suppliers and optimising the duration of contracts where possible. For example, every three months, Ctac monitors how to estimate the situation in the next three years in order to assess whether its practices need to be adjusted.

Financial risks

- Ctac is subject to a number of financial risks, such as market risk (interest-rate risk and currency risk), credit risk, liquidity risk and capital risk. In addition, goodwill has emerged from acquisitions. These acquisitions have been extensively integrated with the Ctac organisation. Annual audits for the presence of impairment triggers are carried out. A description of the financial risks and the management of these risks can be found in the notes to the consolidated financial statements. Ctac aims to identify potential risks in a timely manner and mitigates them where possible.
- 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. Ctac analyses the development of its cash on an ongoing basis in relation to the available financing facilities and interest rate fluctuations. Ctac has not arranged any financial instruments to mitigate the interest rate risk. Ctac has no significant interest-earning assets. Revenues from the group are therefore almost entirely independent of changes in interest rates.
- All companies within Ctac are located in the eurozone. Most of the revenue is generated within the eurozone. Consequently, the euro is Ctac's reporting and functional currency. Ctac does not have any assets or liabilities outside the eurozone. The Board of Directors of Ctac considered the exchange rate risks to be very limited at year-end 2020.
- Credit risk is the risk of financial loss for Ctac if a consumer or counterparty of a financial instrument fails to comply with the contractual obligation entered into. Credit risk management is centralised at Ctac. The credit risk arises from cash at bank and at hand and transactions with clients, including accounts receivable. Ctac only accepts professional parties in the Netherlands as banks and financial institutions.
  Ctac's financing facility for the Netherlands is with ABN AMRO Bank and for Belgium with ING Bank. They are both professional market parties with good credit ratings of at least A.
  The creditworthiness of clients is determined in advance on the basis of 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 with respect 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, given the individual sizes and independent positions of the various clients. We have been doing business with many of our clients for several years and in the past there have only been some rare cases where clients were unable to meet their obligations. Clients are continually individually assessed for compliance with agreements concerning payment conditions.
- Liquidity management is centralised at Ctac. In the Netherlands, use is made of a combined facility totalling € 6.0 million for this purpose. In Belgium, use is made of the credit facility at ING Bank of € 0.9 million. Receivables, fixtures and fittings, IP rights and shares have been pledged as collateral. The banks may lower or cancel this facility at any time.
  The aim of liquidity management is to make the best possible use of the available cash and cash equivalents and credit facilities at Ctac. To this end, liquidity forecasts are drawn up periodically for both the short-term and the medium-term. These forecasts are adjusted at regular intervals based on realisation and any adjusted projections.
- Capital management is centralised at Ctac and is aimed firstly at ensuring the continuity of Ctac and secondly at optimising the capital structure to reduce the cost of capital and generate return for shareholders. 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.
- Ctac develops customer solutions and software partly in-house. Part of the cost is recognised on the balance sheet as deferred costs. Technological developments and changing market conditions may make it impossible to recover deferred costs. Ctac is cautious about deferring costs. In addition, an assessment is carried out every year to check that the relevant value as recognised on the balance sheet can still be recovered.
- 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. Ctac is also working on the implementation of a tax control framework.

Operational risks

- Ctac has identified a number of operational risks resulting from its business operations. Ctac carries out projects for customers, provides services, including cloud services, and works with various suppliers and partners as part of the service chain. Since every form of service provision comes with its own specific risks, Ctac always makes sure that independent, substantive and legal tests of all contracts are conducted before entering into them.
- To identify and mitigate risks as adequately as possible, Ctac has positioned its risk management separately within its organisation.
- An important part of Ctac's 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 the project review board monitors risks from the pre-sales phase to the offer and, if relevant, the presentation at the customer's in order to mitigate any risks. Project and assignment control is one of the most important pillars for Ctac in carrying out projects and assignments.
- Of course, as a provider of general IT and cloud services, Ctac pays attention to identifying and handling privacy and information security risks. The CISO and/or the Data Protection Officer, together with the various business units and the internal staff departments, identify these risks. Jointly with management, they prepare and roll out the necessary mitigating actions, using the ISO27001 standard and the ISAE3402 framework prepared by Ctac. The design, existence and operation of all mitigating actions and activities are periodically tested by means of internal and external audits. A GRC application is used to record this in full.
- As part of these activities, it is very important for Ctac that its cyber security is in place. Ctac has had an internal operational security team for some years. This team ensures that the entire IT infrastructure is monitored continuously so that it can react immediately to any threat. In line with this, Ctac has also taken out cyber security insurance so that if a cyberattack takes place, it can enlist the aid of more specialised parties to support its own security team.
- Employees are the company's most important assets for an IT service provider such as Ctac. Ctac can only grow further because of its employees. Scarcity in the labour market can inhibit growth in IT knowledge from a quality perspective, or growth in turnover from a quantity perspective. That is why Ctac has a human resources policy aimed at creating a stimulating working environment, in which there is room for growth, employee development and new challenges for employees. The retention and recruitment of expert employees is an important objective and will remain a prime focus together with recruiting talented employees.
- Due to the increasingly complex business in which Ctac operates, disputes with clients occasionally arise. In its services, Ctac is constantly alert to preventing such disputes and endeavours 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 comprehensive professional liability insurance.

In control statement

The effectiveness and operation of the internal risk management and control systems are discussed annually with the audit committee and the Supervisory Board. Taking account of the risks described above and the control measures for them, and in accordance with the best practice provision I.4.3 of the Dutch Corporate Governance Code, the Board of Directors declares that, to the best of its knowledge:

- the report provides sufficient information on any shortcomings in the operation of the internal risk management and control system;
- the above systems provide a reasonable assurance that the financial accounts are free from material misstatement;
- the current state of affairs justifies the preparation of the financial accounts on a going concern basis; and
- the report discloses the material risks and uncertainties that are relevant to the expectation of the continuity of the company for a period of 12 months after the preparation of the report.

In addition, in line with Section 5:25c of the Dutch Financial Supervision Act, the Board of Directors declares that, to the best of its knowledge:

- the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and of the companies included in the consolidation; and
- the report of the Board of Directors gives a true and fair view of the situation on the balance sheet date, the state of affairs at the issuer and at its affiliated companies during the financial year, the details of which are presented in the financial statements, and that the report of the Board of Directors describes the fundamental risks facing the issuer.

The obligation to file a statement at the Commercial Register of the Chamber of Commerce, as referred to in Section 153 of Book 2 of the Dutch Civil Code was complied with on 4 February 2021.

Outlook

Investments to replace hardware are expected but will be limited. In addition, regular investments to expand data centre capacity were made in 2020. In the longer term, investments in the company's own data centre are expected to decrease as a consequence of the migration from private to public cloud environments.

As all companies, Ctac has been confronted with the economic and social consequences of the Covid-19 virus. Immediately after it became clear that the virus would also have consequences for the Benelux, Ctac set up a Business Continuity Team headed by the CFO, with representatives from the various disciplines in the organisation. A redundant communication structure was set up for the company's service activities, in order to continue to satisfy customer needs as well as possible. Ctac communicates with its employees on a regular basis about the status and progress of the actions to be taken to ensure the continuity of Ctac's service provision. The Board of Directors has decided that managing cash flow and working capital has top priority for the time being. Initiatives taken for this purpose include daily monitoring of our accounts receivable balance, and optimising our accounts payable balance. Cost-saving measures were also implemented. At present, Ctac has not taken advantage of the support measures provided by the Dutch government and did not make use of the NOW wage subsidy scheme in 2020 either. The Board of Directors sees no reason to doubt the continuity estimate for Ctac's services – the current performance and financial position give the Board of Directors confidence in Ctac's future.

For 2021, the Board of Directors expects to be able to continue the upward trend as regards revenue and profitability. Achieving the medium-term objective in the equity story (€ 100-150 million revenue and 8% EBIT margin) is on schedule.

A word of thanks

2020 was an extraordinary year in all respects in which Covid-19 occupied centre stage. Due to the efforts and commitment of all its employees, Ctac succeeded in achieving a better financial result, despite the Covid-19 virus. We would like to take this opportunity to thank everyone who contributed to this.

's-Hertogenbosch, 23 March 2021

The Board of Directors

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

Compliance with the Dutch Corporate Governance Code

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

- Ctac monitors its internal processes in several ways. For example it has a Receivables Board, a Project Review Board, and a contract management system. The internal audit function and the internal risk control systems have therefore been integrated with the administrative organisation/internal controls (1.2 and 1.3). Since risks and derogations are reported adequately, and since such derogations can be corrected afterwards, a separate internal audit function is not deemed to be necessary. Every year, both the external auditor and Ctac itself consider whether the internal assessment system is still sufficient and whether having an internal audit function is necessary for the organisation at a certain moment.

- Mr Hilgerdenaar has an open-ended contract (2.2.1). Since board members act on the basis of a long-term strategic perspective, limiting the term of appointment was not considered appropriate when appointing Mr Hilgerdenaar.

- Ctac has not appointed a secretary for the Board of Directors as this position does not fit in with its management structure (2.3.10). Ctac fills in this position in a different manner than prescribed by the Code.

- A possible compensation amount 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, a compensation payment 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. Compensation in the case of dismissal for Mr Saasen has indeed been maximised in accordance with the provisions of the Code.

- Under special circumstances, Ctac makes 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). 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 Stichting Prioriteit. 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 issued 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.

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. In 2020, senior management was strengthened. These board members have created further diversity as regards age, nationality and gender, within the organisation's management. They took part in an external management training programme in 2019 and took up their positions in early 2020.

Whenever there are any vacancies on the Board of Directors, the Supervisory Board or in senior management, the possibilities of achieving the target male/female ratio as set out in the diversity policy (at least 30% of these positions to be filled by men and at least 30% by women), will be considered with due observance of other diversity aspects as well. 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.

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 2020, the Board of Directors of Ctac consisted of Mr Henny Hilgerdenaar and Mr Pieter-Paul Saasen. Further information about the members of the Board of Directors can be found on page 16.

Supervisory Board

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

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

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

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 management of the company;
- discharging the Supervisory Board from liability for the supervision of the policy pursued and the management of the company by the Board of Directors;
- the appointment, suspension and dismissal of the members of the Board of Directors and the Supervisory Board;
- appointing the external auditor;
- decisions regarding amending 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 investors in particular. Ctac maintains regular contact with analysts and investors, as well as with the financial media that form the most important sources of information for private investors. In its communication with these target groups, Ctac relies on information published by means of press releases. In a disclosure policy, Ctac has laid down which information is published and when this information is published. This guarantees the accurate and simultaneous provision of information to all shareholders.

Code of Conduct
Ctac N.V. has a Code of Conduct. The Code of Conduct intends to make the company's employees aware of how to act with integrity by laying down what should be considered desirable or non-desirable behaviour. The Code of Conduct applies to all employees of the Company and its subsidiaries, and also to anyone working for the Company on the basis of a temporary contract or a flexible relationship. Detailed information about Ctac’s Code of Conduct can be found on Ctac’s website under Investor Relations, Corporate Governance.

Report of the Supervisory Board

Introduction
2020 will go down in history as the year of Covid-19. The drastic measures taken to control the impact of coronavirus on the health sector have had considerable economic impact. When the Netherlands went into its first lock-down, Ctac smoothly switched to having all employees work from home. Any presence at the office could be minimised and the number of Ctac employees who caught the virus remained low.

Immediately after the outbreak of the first corona wave, the Board of Directors took a number of structural measures. The number of external staff was reduced and the number of hours to be charged to clients, the ratio between direct and indirect working hours, improved significantly. In addition, any less profitable product lines were discontinued.

All in all, Ctac suffered less from Covid-19 than many other companies. Revenues remained fairly stable, but there were fewer potential orders in the pipeline as many customers postponed their investment decisions.

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

The composition of the Supervisory Board complies with the Corporate Governance Code guidelines and the diversity desired as regards gender, age, experience and expertise. In the opinion of the Supervisory Board, the stipulations of best practice provision 2.1.7 have been satisfied. All Supervisory Board members are independent in the sense of best practice provision 2.1.8. The chairman of the Supervisory Board is independent within the meaning of best practice provision 2.1.9.

The General Meeting of Shareholders held on 1 July 2020 extended Mr Kraaijenzank's term of office by one year. He will reach the maximum term of office of twelve years in 2021. He will then be succeeded.

Supervisory Board and committee meetings
In 2020, the Supervisory Board met eleven times in the presence of the Board of Directors and five committee meetings were held. Illness prevented Mr Van de Weerdhof from attending one Supervisory Board and one Audit Committee meeting which were held on one and the same day. This has brought the Supervisory Board's attendance rate to 96%. In addition to the eleven meetings, the Supervisory Board had weekly update calls with the Board of Directors in connection with the pandemic in the first half of 2020.

The Audit Committee and the Board of Directors conducted a thorough selection process for appointing new auditors in late 2019 and early 2020. This resulted in PricewaterhouseCoopers being appointed at the General Meeting of Shareholders on 1 July 2020.

Recurring topics at the meetings were the development in results, the budget and its realisation, market developments and the revenue pipeline, the organisational structure and culture, the general and operational course of affairs, risk management (mainly focused on disputes and procedures) and, of course, the strategy. The chairman of the remuneration committee attends two meetings of Ctac's Works Council on an annual basis. The Supervisory Board is pleased to note that there is a healthy and open dialogue with the Works Council.

Strategy
Ctac has a strong focus on growth. This growth should be achieved both organically and through acquisitions. The Board of Directors is making good progress towards achieving the ambitious growth targets. The acquisition of Purple Square was finalised in January 2020, and in late 2020, the Supervisory Board was able to approve the acquisition of Oliver IT.

Both acquisitions fit seamlessly into the strategy chosen which involves Ctac offering its customers added value in their digital transformation journey, not only by offering the right ICT solution, but also through active involvement during the business transformation.

The detailed reports provided by the Board of Directors enabled the Supervisory Board to closely monitor Purple Square's impact on the 2020 budget. Purple Square was only affected by Covid-19 to a limited extent and has since overcome these effects. Purple Square is performing in line with expectations and the impact of the Oliver IT acquisition will be monitored in the same way throughout the year and taken into account when discussing the 2021 budget.

Risk management

In 2020, Ctac settled a long-running dispute in France and decided to discontinue its French activities. No new disputes with customers or suppliers arose in 2020. Internal processes have been honed, as have the general terms and conditions and progress monitoring.

As announced in 2019, the internal control framework was re-evaluated in 2020. The Supervisory Board expressed its satisfaction with, and gave its approval to, the newly adopted framework in early December 2020.

Given the small size of the organisation and the minor number of entities to be consolidated, Ctac has not established an internal audit function. The Supervisory Board agrees with the Board of Directors' decision not to establish an internal audit function in the year 2021 either.

For the purpose of fraud prevention and risk management, the Supervisory Board evaluated the system of internal control and found no indications of any fraud or non-compliance. This subject was on the agenda during joint meetings of the Supervisory Board and the Board of Directors.

Evaluation

In a separate evaluation meeting in December 2020, the Supervisory Board discussed its own performance based on questionnaires completed in advance and prepared the evaluation of the members of the Board of Directors. Assessment interviews were held with the two members of the Board of Directors. The topics addressed as part of the evaluation included the quality and timeliness of information, communications and interpersonal relationships. A consequence of Covid-19 was that the Supervisory Board had little informal contact outside of regular meetings in 2020. The Supervisory Board plans to meet informally more frequently in 2021, partly in view of the changes in its composition. The allocation of roles and tasks for the various fields of control and supervision will be reconsidered then.

The structure at the top of the organisation was a frequently recurring topic on the agenda in 2020. The growing organisation, the implementation of recent acquisitions and the pursuit of continuous improvement were the reasons for expanding the Board of Directors with a Chief Operations Officer. On 1 January 2021, Mr. Gangelhof joined the company as COO, as a director other than a director under the articles of association. In addition, Ctac's management was reinforced with the appointment of a new HR director in 2020.

"THE BOARD OF DIRECTORS IS MAKING GOOD PROGRESS TOWARDS ACHIEVING THE AMBITIOUS GROWTH TARGETS."

Corporate governance

The Supervisory Board and the Board of Directors subscribe to almost all of the principles and best practices in the Dutch Corporate Governance Code. Ctac only departs from this code on a limited number of points, see pages 36 to 38 of this annual report. During the year under review, there were no transactions with members of the Board of Directors and/or the Supervisory Board which might have involved a conflict of interest. All transactions between the company, the members of the Supervisory Board, and the Members of the Board of Directors are published in the annual report. This complies with best practice provisions 2.7.3 and 2.7.4.

Remuneration policy

In 2019 and early 2020, the remuneration committee prepared a new remuneration policy for the members of the Board of Directors. The proposal failed to achieve the required 75% approval on 1 July 2020. Attendance was relatively low and two major shareholders voted against the proposal.
The proposal to grant authority to issue shares also failed to secure the required two-thirds majority. The main reason for voting against both proposals is that the two major shareholders feel that Ctac should discontinue the anti-takeover measures and the growth of Ctac should mainly be achieved autonomously. The Supervisory Board regrets that no substantive dialogue took place in 2020. Contacts were renewed in early 2021 and, partly as a result of this, a new remuneration proposal will be put on the agenda.

Ctac's Works Council has given its positive opinion as regards the new proposal in 2021.

The remuneration of the Supervisory Board is not linked to the results of the company. No changes will be made to the remuneration established in 2017. None of the Supervisory Board members owns Ctac shares and/or options on Ctac shares. Reference is made to pages 42 to 45 of this report for the remuneration report of the Supervisory Board.

2020 Financial Statements

Ctac ended the financial year 2020 with a net result of € 3 million. The Board of Directors has submitted the 2020 financial statements and the report of the Board of Directors to the Supervisory Board for its approval. The audit was carried out by PricewaterhouseCoopers Accountants NV, which issued an unqualified opinion. The audit opinion is included on pages 106 to 117 of this annual report.

The Supervisory Board has established that the report of the Board of Directors over 2020 satisfies the requirements of transparency and that the 2020 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 2020 financial statements and discharge the Board of Directors for the management of the company and the Supervisory Board for the supervision of the management of the company over the past financial year.

Appropriation of the result

The Supervisory Board also agrees with the Board of Directors' proposal to distribute a dividend of € 0.08 per share to holders of ordinary Ctac shares.

In conclusion

The Supervisory Board would like to express its special appreciation to all employees, the management and the Board of Directors. 2020 was a difficult year, but Ctac actually managed to get through it very well. The implementation of Purple Square went very smoothly. This represents a nice prelude to the integration of Oliver IT in 2021.

Ctac N.V. remuneration report

This remuneration report has been prepared in accordance with Section 2:135b of the Dutch Civil Code and article 3.4.1 of the Corporate Governance Code ('Code'). For this purpose, account has been taken of the relevant remuneration principles, as incorporated in the Dutch Corporate Governance Code (the 'Code') and the revised European Shareholders' Directive that entered into force in 2019. It describes how the remuneration policy was implemented in 2020.

The composition of the Board of Directors and the Supervisory Board did not change in the year under review.

Remuneration in 2020
The fixed and variable remuneration of the members of the Board of Directors for 2020 was as follows.

		H.L.J. Hilgerdenaar CEO	P.P.J.G. Saasen CFO
(in € x 1,000)			
Fixed remuneration		310	278
Company car and other additional benefits		28	28
Variable remuneration	STI	59	54
	LTI	-	-
Pension and disability benefit insurance and other employer's contributions		73	24
Extraordinary items		-	-
Total remuneration		**470**	**384**
Variable share in %		12.6	14.1

Variable remunerations
If follows from the remuneration summary that Ctac pays out a short-term incentive (STI) and a long-term incentive (LTI). These variable remuneration components constitute an incentive part, albeit limited, of the total remuneration. They are influenced by market developments and the company's performance, and established on the basis of scenario analyses. These bonus components are explained below.

2020 short-term incentive (STI) calculation
The maximum amount of the STI is 45% of the fixed annual salary; it depends on the extent to which targets and budgets are achieved. 35% of the fixed salary will be awarded for achieving the target; if 110% or more of the targets have been achieved, the maximum score of 45% will be awarded. Achieving 90% of the objectives will result in 25% of the fixed salary being awarded, which will decrease to 10% if only at 80% of the targets have been achieved and the minimum bonus of 5% of the fixed salary will be awarded if 75% of the targets have been achieved. If less than 75% of the targets have been achieved, no bonus will be awarded.

The following STI targets applied in 2020.

CEO and CFO targets	Weight in allocation at target	Score
Achievement of revenue in accordance with budget	30%	93%
Achievement of EBITDA in accordance with budget	30%	86%
Recurring revenue 45%	20%	102%
Achievement of profit by Purple Square in accordance with budget	15%	59%
Achievement of baseline measurements with regard to employee satisfaction and corporate social responsibility	5%	100%

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

Whether or not payment is made depends on two conditions.

1. Share price gain: the LTI is based on the share price on the 2018 reference date plus the dividend paid during the LTI period, using the share price on the 2021 reference date to calculate the difference in share price gain. The reference dates are the second Monday in January 2018 and the second Monday in January 2021. The resulting share price gain times the fictitious number of shares determines the amount of the incentive.

2. Achievement of the budget:
   - if 100% of the budget is achieved, 100% of the LTI will be accrued/paid;
   - if 99-90% of the budget is achieved, 75% of the LTI will be accrued/paid;
   - if 89-75% of the budget is achieved, 50% of the LTI will be accrued/paid;
   - if < 75% of the budget is achieved, no LTI will be accrued/paid.

The share price was € 3.58 on 8 January 2018 (second Monday) and € 2.90 on 11 January 2021 (second Monday). The dividend paid in 2018, 2019 and 2020 was € 0.08 per share per year. The share price on the reference date point in 2021 (€ 2.90) plus three times € 0.08 (€ 0.24) = € 3.14.

Since this amount does not exceed the share price on the 2018 reference date, the fair value is zero. This means that the first condition (share price gain) has not been fulfilled, as a result of which the second condition (achievement of the budget) has not been taken into account. Therefore, no LTI will be paid.

With regard to these incentives, it should be noted that the company is entitled to claim them back, entirely or in part, if payment was made on the basis of incorrect information about the targets on which the bonus was based having been achieved or about the conditions which had to be fulfilled for the incentive to be paid. The claim may also be instituted by the Supervisory Board on behalf of the company. This option was not exercised in 2020.

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

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

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

General Meeting of Shareholders of 1 July 2020
A proposal to amend the remuneration policy for the Board of Directors was made at the General Meeting of Shareholders on 1 July 2020. This proposal was not adopted by the meeting. However, an advisory vote on the remuneration report for the 2019 financial year was held at the General Meeting of Shareholders on 1 July 2020 and the outcome was positive. After consultations with those voting against, the proposal was amended to accommodate their objections. The amended proposal will be submitted to the General Meeting of Shareholders for adoption on 12 May 2021.

On the occasion of the same General Meeting of Shareholders of 1 July 2020, the Board of Directors was given the authority to repurchase shares in the company ('treasury shares').

The members of the Board of Directors now hold shares in Ctac. The shares were purchased by the members of the Board of Directors themselves and are not part of the remuneration report.

Pension
The salary is pensionable up to an amount of € 110,111 a year. Ctac has a defined contribution pension scheme with a defined contribution percentage according to a graduated age scale.

The accrual based on the extra-statutory part is discounted into the CFO's gross salary, in accordance with a fixed premium of 12.5% of the extra-statutory part of the salary. The pension compensation for the CEO is an additional payment based on the graduated contribution scale applied to the extra-statutory part as used within Ctac.

Development of remuneration of the Board of Directors
(in € x 1,000)

	2020 ***	2019 ** ***	2018	2017	2016
Directors' remunerations *)					
CEO H.L.J. Hilgerdenaar	470	444	449	408	354
CFO P.P.J.G. Saasen	384	347	-	-	-
CFO D.G.H. van der Werf (until 14 May 2019)	-	-	427	385	364
Development of operating result					
Revenue	87,534	81,872	82,998	81,597	86,230
Net result	3,032	1,262	1,715	2,800	2,613
Average remuneration on a full-time basis					
Directors	427	396	438	396	359
Employees	104	94	100	96	92
Pay ratio	4.1	4.2	4.4	4.1	3.9

*) In a year where there was a change of management, these figures were based on the annual remuneration of the most recent holder of the position in question.
**) Covid-19 led to 60% of the reserved incentive having been distributed in 2020. This resulted in an adjustment to the remuneration for 2019.
***) The average remuneration of employees in 2020 and 2019, excluding Ctac France SaS.

Pay ratio
The remuneration ratio between the Board of Directors and other employees within Ctac, i.e. the 'pay ratio', is shown above. This serves to promote consistent remuneration ratios and is in accordance with best practice provision 3.4.1, point iv, of the Dutch Corporate Governance Code. The pay ratio for the Board of Directors for 2020 is 4.1 (2019: 4.2). This pay ratio has been calculated by dividing the average costs of the Board of Directors over 2020 by the average costs per employee for Ctac, excluding the members of the Board of Directors.

Remuneration of the members of the Supervisory Board
The remuneration for members of the Supervisory Board in 2020 was € 45,000 for the Chairman and € 32,500 for the members.

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

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

(in € x 1.000)

	2020	2019	2018	2017	2016
G. van de Weerdhof (effective from 10 May 2017)	45	45	45	29	-
E. Kraaijenzank	33	33	33	33	25
E. Karsten	33	33	33	33	25
H.G.B. Olde Hartmann (until 10 May 2017)	-	-	-	11	30
Total remuneration	**110**	**110**	**110**	**106**	**80**

Other
No transactions with members of the Supervisory Board or the Board of Directors involving possible conflicts of interest occurred during the year under review. Neither the company nor its subsidiaries granted any loans to the members of the Board of Directors or the Supervisory Board.

The remuneration policy and the decision-making process for implementing the remuneration policy were not deviated from in 2020.

Financial Statements

Consolidated balance sheet as at 31 December (before profit appropriation)

	Note	2020	2019
(in € x 1,000)			
ASSETS			
Fixed assets			
Intangible fixed assets	1	24,052	17,563
Right-of-use assets	2	10,607	6,232
Tangible fixed assets	3	921	1,275
Deferred tax assets	4	1,316	1,181
Other long-term receivables	5	251	206
		37,147	**26,457**
Current assets			
Trade receivables	6	9,842	10,886
Other receivables	6	6,979	6,163
Cash and cash equivalents	7	10,552	1,864
		27,373	**18,913**
		64,520	**45,370**
LIABILITIES			
Shareholders' equity	8		
Issued share capital		3,253	3,104
Share premium reserve		11,546	11,695
Other reserves		4,658	3,396
Result financial year		3,032	1,262
Attributable to shareholders Ctac N.V.		22,489	19,457
Group equity		**22,489**	**19,457**
Long-term liabilities			
Long-term bank liabilities	9	2,925	-
Lease obligations	2	7,974	3,433
Other long-term liabilities	10	1,921	215
Deferred tax liabilities	4	820	53
		13,640	**3,701**
Short-term liabilities			
Lease obligations	2	2,770	3,039
Short-term bank liabilities	9	900	400
Provisions	11	578	219
Trade creditors and other liabilities	12	23,351	18,413
Taxes		792	141
		28,391	**22,212**
		64,520	**45,370**

Consolidated statement of profit and loss for

	Note	2020	2019
(in € x 1,000)			
Revenue from contracts with clients	13	87,307	81,232
Expenses			
Cost of materials		8,819	8,062
Subcontractors		19,661	17,283
Personnel costs	14	38,831	36,892
Amortisation of intangible fixed assets	1	1,283	735
Depreciation of right-of-use assets	2	3,601	4,129
Depreciation of tangible fixed assets	3	482	598
Impairment of intangible fixed assets	1	200	-
Other operating costs	15	9,769	11,144
Total operation expenses		**(82,646)**	**(78,843)**
Operating result		**4,661**	**2,389**
Financial income	16	72	66
Financial expenses	16	(482)	(237)
Total financial income and expenses		**(410)**	**(171)**
Result before taxes		**4,251**	**2,218**
Taxes	17	390	(594)
Net result from continued operations		4,641	1,624
Net result from discontinued operations		(1,609)	(362)
Net result		**3,032**	**1,262**
Attributable to shareholders Ctac N.V.		3,032	1,262
Profit per share	18		
Net result per share (in €) from continued operations		0.35	0.13
Net result per share after dilution (in €) for continued operations		0.34	0.13
Net result per share (in €) from discontinued operations		(0.12)	(0.03)
Net result per share after dilution (in €) from discontinued operations		(0.12)	(0.03)
Number of ordinary shares (year-end)		13,555,203	12,931,401
Weighted average of shares outstanding		13,243,302	12,879,601
Weighted average of shares outstanding for the calculation of the diluted earnings per share		13,539,887	12,879,601

Consolidated statement of comprehensive income (in € x 1,000)	2020	2019
Net result for the financial year	3,032	1,262
Other total result, not recognised in the result	-	-
Total result for the financial year	**3,032**	**1,262**
From continued operations	4,641	1,624
From discontinued operations	(1,609)	(362)
Total result for the financial year attributable to shareholders Ctac N.V.	**3,032**	**1,262**

Consolidated statement of changes in equity in 2020
(in € x 1,000)

	Issued share capital	Share premium reserve	Other reserves	Undistri-buted profit	Attributable to share-holders Ctac N.V.	Minority interests	Group Equity
Balance as at 1 January	**3,104**	**11,695**	**3,396**	**1,262**	**19,457**	**-**	**19,457**
Net result for the financial year	-	-	-	3,032	3,032	-	3,032
Total result for the financial year	**-**	**-**	**-**	**3,032**	**3,032**	**-**	**3,032**
Appropriation of the result in previous financial year	-	-	1,262	(1,262)	-	-	-
Dividend	149	(149)	-	-	-	-	-
Balance as at 31 December	**3,253**	**11,546**	**4,658**	**3,032**	**22,489**	**-**	**22,489**

Consolidated statement of changes in equity in 2019
(in € x 1,000)

	Issued share capital	Share premium reserve	Other reserves	Undistri-buted profit	Attributable to share-holders Ctac N.V.	Minority interests	Group Equity
Balance as at 1 January	**3,074**	**11,725**	**2,354**	**1,715**	**18,868**	**19**	**18,887**
Net result for the financial year	-	-	-	1,262	1,262	-	1,262
Total result for the financial year	**-**	**-**	**-**	**1,262**	**1,262**	**-**	**1,262**
Appropriation of the result in previous financial year	-	-	1,042	(1,042)	-	-	-
Dividend	30	(30)	-	(673)	(673)	-	(673)
Paid to third-party share	-	-	-	-	-	(19) *	(19)
Balance as at 31 December	**3,104**	**11,695**	**3,396**	**1,262**	**19,457**	**-**	**19,457**

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

Consolidated cash flow statement

(in € x 1,000)	Note	2020	2019
CASH FLOW STATEMENT			
Operating result		4,063	2,061
Amortisation of intangible fixed assets	1	1,283	736
Depreciation of right-of-use assets	2	3,601	4,129
Depreciation of tangible fixed assets	3	482	599
Impairment of intangible fixed assets	1	200	-
Change in provisions	11	359	(881)
Valuation differences of long-term liabilities	10	(235)	55
Changes in working capital			
Receivables		1,614	2,530
Short-term debt		4,439	(771)
Cash flow from operations		**15,806**	**8,458**
Interest paid		(332)	(222)
Income tax paid		(326)	(144)
Cash flow from operating activities		**15,148**	**8,092**
Acquisition of participating interest		(3,914)	-
Investments in intangible assets	1	(788)	(729)
Investments in tangible assets	3	(130)	(500)
Investments in financial fixed assets	5	(45)	(136)
Cash flow from investment activities		**(4,877)**	**(1,365)**
Recognition of long-term debt	9	2,925	-
Earn-out obligations paid	10	(399)	(107)
Paid to minority interests	8	-	(19)
Dividend payments to shareholders	8	-	(673)
Lease payments	2	(3,709)	(4,187)
Cash flow from financing activities		**(1,183)**	**(4,986)**
		9,088	**1,741**
Cash and cash equivalents	7	1,864	379
Short-term bank liabilities	9	(400)	(656)
Balance of cash and cash equivalents as at 1 January		1,464	(277)
Cash and cash equivalents	7	10,552	1,864
Short-term debts owed to banks	9	-	(400)
Net balance of cash and cash equivalents as at 31 December		10,552	1,464
		9,088	**1,741**
Cash flow from operational activities discontinued operations		(197)	(151)
Cash flow from investment activities discontinued operations		284	25
Cash flow from financing activities discontinued operations		-	-

Notes to the cash flow statement

The cash flow statement is reconciled as far as possible with the amounts stated in the statement of profit and loss and balance sheet movements.

As regards the cash flow from operations, non-cash transactions are identified separately in the cash flow statement.

The tax paid on profits is the tax on profits according to the statement of profit and loss, minus the non-cash movements in the deferred tax liabilities and the movements in the corporation tax balance sheet item.

The outgoing cash flow for the acquisition has been recognised in the cash flow statement for the purchase price less cash and cash equivalents. The contribution value and purchase price of acquisitions are listed in note 21.

The long-term financing obtained concerns the original principal less the repayments made in 2020 and less the repayments to be made within twelve months of the balance sheet date. These are included in the change in working capital.

The total movement (short-term and long-term) in the put option and earn-out liability was caused by the non-cash amortisation of the liability, an addition of a new liability as a result of an acquisition (see note 21), amortisation of the liability as at the balance sheet date, and the cash payment of earn-out liabilities during the year. See the summary of changes in note 10.1.

As regards the 2020 dividend, only a stock dividend was paid to the shareholders, so no cash transactions took place.

Notes to the consolidated financial statements

General information about Ctac

As a Business & Cloud Integrator, Ctac helps its customers realise their ambitions. Ctac innovates continuously in order to create the business value needed for this. The organisation provides a broad portfolio of SAP and Microsoft solutions 'on any cloud', as well as business consultancy, managed services, project, learning and secondment services. In addition, Ctac has some products of its own, including the XV Retail Suite which consists of an omni-channel-driven Point-of-Sale & Loyalty platform and SaaS solutions for housing corporations and commercial real estate, i.e. Fit4Woco and Fit4RealEstate. Ctac's customer base is made up of approximately six hundred organisations of every size and in various sectors. At year-end 2020, Ctac employed 413 people. Ctac operates in the Netherlands and Belgium. Operations in France were discontinued by year-end 2020. The 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 the Euronext Amsterdam stock exchange (ticker: CTAC).

The Board of Directors drew up the financial statements on 23 March 2021. The financial statements were adopted for publication by the directors on 23 March 2021. The financial statements will be submitted to the General Meeting of Shareholders for adoption on 12 May 2021.

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 2019 have been reclassified to enable comparison with those for 2020.

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. When applying IFRS with a significant effect on the financial statements and future periods, management's estimates and assessments can be found in the section on 'Key estimates and assumptions'.

The financial statements for Ctac N.V. are based on the going concern assumption, taking into account the known and expected effects of Covid-19, the Board of Directors concludes that the use of this assumption is justified based on current insights for the coming twelve months.

Application of amended and new International Financial Reporting Standards (IFRS)
If applicable, Ctac applied new and amended IFRS standards and IFRIC interpretations relevant to the company during the financial year under review. Except for the explanatory notes below, the application of other new and amended standards and interpretations in 2020 does not have a material effect on Ctac's capital and results, nor on the explanatory notes in the financial statements.

The application of the IFRS standards and interpretations that have been published and do not yet apply to accounting periods starting on 01 January 2020 have not been early adopted. The new standards applicable after 2020 are not expected to have a material effect on Ctac's capital and result or on the explanatory notes to the financial statements.

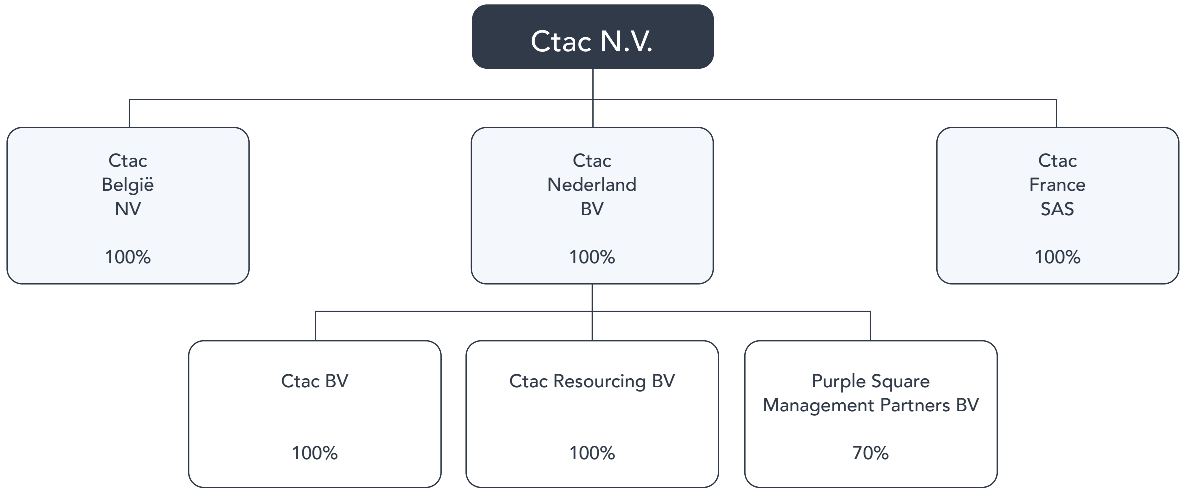
Ctac N.V. has been applying the following standards and changes to standards since 1 January 2020:
- Definition of Material – changes to IAS 1 and IAS 8
- Definition of a Business – change to IFRS 3
- Interest Rate Benchmark Reform – changes to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The above changes did not affect the figures reported in prior periods. Furthermore, the changes did not have any material effect on Ctac's capital and result or on the explanatory notes to the financial statements.

Accounting principles for consolidation
Ctac N.V. and all participations over which Ctac N.V. can exercise decisive control are included in the consolidation. There is decisive control if Ctac can directly or indirectly determine the financial and operational management of a company. The financial statements of these participations have been included in the consolidated financial statements as from the date on which dominant control was acquired until the time when Ctac N.V. loses dominant control. Ctac N.V. is the head of the group.

The consolidation includes the following participations.

Participations	Place of business	Participation as a % year-end 2020	year-end 2019
Ctac Nederland B.V.	's-Hertogenbosch	100	100
Alpha Distri B.V.	's-Hertogenbosch	-	100
Ctac Quality B.V.	's-Hertogenbosch	-	100
Ctac B.V.	's-Hertogenbosch	100	100
Ctac Resourcing B.V.	's-Hertogenbosch	100	93.4
Persity Search B.V.	's-Hertogenbosch	-	100
Purple Square Management Partners B.V.	Weert	70	-
Ctac Belgium BVBA	Wommelgem, Belgium	-	100
Ctac België N.V.	Wommelgem, Belgium	100	100
Ctac France SAS	Paris, France	100	100



The entities Alpha Distri B.V., Ctac Quality B.V., Persity Search B.V. and Ctac Belgium BVBA were liquidated in 2020. The activities of these entities have transferred to Ctac B.V. and Ctac Belgium N.V. The activities of Ctac France SAS have been discontinued and will be permanently terminated in 2021. Ctac France is presented in the financial statements as a discontinued operation.

A discontinued operation is a component of an entity that is either divested or held for sale and meets one of the following characteristics:
- it concerns a distinct and significant product group or geographical area;
- it is part of a separate coordinated plan to discontinue a significant product group or geographical area;
- it is a subsidiary which was acquired with the sole intention of reselling it.

A 'component of an entity' consists of activities and cash flows that can be clearly distinguished from the rest of the legal entity operationally and for reporting purposes; it is actually a cash-generating unit or a group of cash-generating units. The results will be recognised separately so that the financial impact of the discontinued operation can be evaluated.

The transaction price of a newly acquired participation is determined on the basis of the amount of money agreed upon for the acquisition of such participation and, if applicable, the fair value at acquisition of any other consideration (equity instruments issued) provided by Ctac.

Inter-company balance sheet positions, transactions and unrealised profits on such transactions are 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.

Intangible fixed assets
Goodwill
Acquisitions are recognised based on the acquisition method of accounting.

Goodwill that may result from the acquisition of participations is the difference between the purchase price of the acquisition company minus the balance of the net fair value of the identifiable assets and the fair value of the liabilities acquired of the company. Payments related to the acquisition are valued on the basis of the cash and cash equivalents paid and payable as at the date of the transaction and, if applicable, at the fair value of the equity instruments (i.e. shares) used to finance the acquisition. Contingent elements of the acquisition price are measured at fair value upon acquisition and are also recognised as a liability, with variances due to differences in value being recognised through the statement of profit or loss. Goodwill is valued at cost price minus cumulative impairments.

Costs related to an acquisition are recognised as a loss when and as they occur.

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. Inclusion of a deferred tax liability in the event of adjustments to fair value affects the level of the goodwill.

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

Customer and contract portfolios purchased
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 cost, i.e. the fair value at the time of acquisition. The identifiable intangible fixed assets related to customers are amortised based on the useful life of each individual component.

Intangible fixed assets related to developed products
These intangible fixed assets pertain to products developed in-house and the distribution rights connected thereto. Development costs are capitalised based on the costs incurred to acquire and prepare the software for use. Internally developed software is capitalised to the extent that the cost price results from a project's development and testing phase and if it can be demonstrated that:
- the project is technically feasible so that it will be suitable for use;
- completing the project and using the software are intended;
- the software will generate demonstrable economic benefits in the future;
- technical, financial and other resources are available to complete and use the software;
- it is possible to reliably determine the expenditure that can be attributed to the software developed.

The costs of company staff related directly to the products developed are capitalised at direct cost. The costs of any services rendered by third parties in connection with the products developed are capitalised at cost.

Software has a finite useful life and is stated at cost less amortisation and impairment. Amortisation is charged to the statement of profit and loss on a straight-line basis over the estimated useful lifetime. Software produced in-house is amortised from the date that it is taken into use.

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.

Intangible fixed assets produced in-house for own use have a finite useful life and are carried at cost less amortisation and impairment. Amortisation is charged to the statement of profit and loss on a straight-line basis over the estimated useful life. Intangible fixed assets for own use, produced in-house, are amortised from the date that they are taken into use.

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

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:

• brand name	10 years
• customer bases	12 years
• intangible fixed assets related to developed products	6 years
• intangible fixed assets produced in-house	5 years

The amortisation periods are evaluated annually and adjusted when necessary.

An explanation of impairment of intangible fixed assets is given in the 'Impairment of assets' section.

Right-of-use assets and lease obligations
Ctac has a large number of operating lease contracts for hardware and passenger cars, and some long-term real estate leases. When entering into a new agreement, Ctac assesses whether the contract is in keeping with the definition of what constitutes a lease. A lease is defined as 'a contract or part of a contract that gives the right to use an asset for a period of time in exchange for a consideration'. To verify whether this definition is applicable, the contract is assessed for three main criteria, i.e.:
- the contract contains an asset that is explicitly or implicitly identified in the contract;
- Ctac has the right to obtain substantially all of the economic benefits from using the asset identified during the period of use, given its rights within the defined scope of the contract; and
- Ctac has the right to use the asset identified for the entire period of use. Ctac assesses whether it has the right to determine how and for which purpose the asset will be used during the period of use.

Contracts defined as leases are recognised in the balance sheet as right-of-use assets and lease obligations.

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

Lease obligations
The lease obligation is initially valued based on the present value of the future lease payments during the term of the contract. The non-lease components are excluded from the calculation of the lease obligation. Lease liabilities are discounted using the interest rate implicit in the lease if this is readily available or the incremental interest rate on the start date of the contract. This is the interest rate that might have been available to the lessee on the start date of the lease to borrow the amount required to purchase the asset through a loan with a similar period and with similar collateral. Lease obligations are presented separately on the balance sheet. After commencement of the lease, the lease obligation is increased with interest and reduced by the lease instalments paid. In addition, the lease obligation is adjusted if there has been a change or amendment to the contract, the term, or the lease payments. Interest relating to the increase in the lease obligation is charged to the result under financial expenses.

Tangible fixed assets
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 the divestment of tangible fixed assets are recognised in the profit and loss account.

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 years
• ICT hardware	2 years - 5 years
• fixtures and fittings	4 years - 10 years

Renovations are depreciated over the remaining term of the lease agreements for 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.

Impairment of assets
Periodic reviews are conducted into any impairment trigger to the book values of assets that qualify for impairment. If there are such indications, an estimate is made of the realisable value of the asset based on the cash value of the expected future cash flows, or their direct realisable value. An impairment is charged to the result if the carrying amount exceeds the realisable amount.

Calculation of the recoverable amount
The recoverable amount of an asset or cash-flow generating unit is the fair value less disposal costs or the value in use, whichever is higher. 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.

Reversal of impairments
Impairment relating to goodwill is never reversed. An assessment is made each year as to whether there are indications that the impairment of an asset that was recognised in earlier periods no longer exists or has possibly decreased. If an impairment ceases to exist, the carrying amount of the asset is increased to the revised realisable amount, excluding goodwill, but never above the carrying amount that would have been recognised had the impairment not been recognised.

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

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

Financial instruments
Non-derivative financial instruments
Non-derivative financial instruments comprise:
- other long-term receivables;
- trade receivables and other receivables;
- cash and cash equivalents;
- long-term bank liabilities
- lease obligations (the 'Right-of-use assets and lease obligations' section);
- short-term bank liabilities;
- other long-term liabilities;
- trade creditors and other liabilities.

On initial recognition, non-derivative financial instruments are recorded 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 trade receivables, revenue yet to be invoiced with regard to contracts based on subsequent costing and fixed monthly instalments and contract assets, and the simplified approach is used to calculate expected credit losses throughout the lifetime. A matrix of provisions is used to calculate expected credit losses. This matrix is used as the basis for mapping expected credit losses for groups of different customer segments and, if any credit losses are expected, trade receivables, revenue yet to be invoiced with regard to contracts based on subsequent costing, and fixed monthly instalments and contract assets are written down.

The expected loss rates are based on the payment profiles of sales over a period of sixty months prior to 31 December 2020 and on the corresponding historical credit losses incurred within this period. Historical loss rates are adjusted to reflect current and forward-looking information about macroeconomic factors that affect customers' ability to settle claims.

Macroeconomic conditions in the country of sale have been identified as the most relevant factor and accordingly, historical loss rates are adjusted based on expected changes to this factor.

The other current receivables relate to amounts still to be invoiced in respect of contracts based on retrospective costing and fixed monthly instalments, 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 short-term liabilities. In this context, reference is also made to the accounting principles for recognising turnover (see accounting principle 'Revenue from contracts with clients').

Cash and cash equivalents and short-term bank liabilities
The cash and cash equivalents relate to cash in hand and cash balances in current accounts at credit institutions and are stated at amortised cost. The amounts listed under the credit facility in the current account are recognised under short-term bank liabilities.

Long-term bank liabilities
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.

Other long-term liabilities
The financial statements include financial liabilities for obligations relating to buying out minority shareholders, earn-out agreements and put options granted to minority shareholders. The put options are the right on the part of minority shareholders to sell their interest and the obligation for Ctac to buy the shares of minority shareholders.

The liability is initially valued at fair value. The follow-up valuation is the present value of estimates of future operating results, derived from the business plans of the companies in question, with changes in this liability being recognised in the statement of profit and loss as part of Other operating costs. The cost of amortisation of earn-out obligations and liabilities relating to put options granted is recognised under financial income and expenses as part of financial expenses.

Trade creditors and other liabilities
On initial recognition in the financial statements, trade creditors and other liabilities are carried at fair value plus transaction costs. After initial recognition, trade creditors and other liabilities are carried at amortised cost.

Liabilities regarding wages and salaries, including non-cash benefits, holiday pay, annual leave, benefits or accrued sick leave, which are expected to be settled entirely within twelve months after the end of the period in which the employees performed the service in question, are recognised on the basis of the actual performance during the accounting period. If there are any liabilities related to settlement agreements, the liability is recognised at the amount expected to be paid when settling the liability. The liabilities are presented in the balance sheet under accruals and deferred income.

Derived financial instruments (derivatives)
Ctac has no financial derivatives.

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

(in € x 1,000)	Amortised cost price	Fair value through profit or loss	Fair value through capital	Derivatives	Total
Balance as at 31 December 2020					
Other long-term receivables	251	-	-	-	251
Trade receivables and other receivables	16,821	-	-	-	16,821
Cash and cash equivalents	10,552	-	-	-	10,552
Long-term bank liabilities	2,925	-	-	-	2,925
Lease obligations	10,774	-	-	-	10,774
Other long-term liabilities	254	1,667	-	-	1,921
Short-term bank liabilities	900	-	-	-	900
Trade creditors and other liabilities	23,351	-	-	-	23,351
Balance as at 31 December 2019					
Other long-term receivables	206	-	-	-	206
Trade receivables and other receivables	17,049	-	-	-	17,049
Cash and cash equivalents and short-term bank liabilities	1,864	-	-	-	1,864
Lease obligations	6,472	-	-	-	6,472
Other long-term liabilities	34	181	-	-	215
Trade creditors and other short-term liabilities	18,413	-	-	-	18,413

Shareholders' equity
Issued share capital
The authorised share capital amounts to € 7,200,000 and is divided into 30,000,000 shares of € 0.24 as follows: 14,999,999 ordinary shares, 15,000,000 preference shares and 1 priority share. At year-end 2020, the issued share capital consisted of 13,555,203 ordinary shares and 1 priority share. All issued shares are fully paid up.

Repurchase of own shares
When Ctac N.V. repurchases its own shares (known as 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 2020, no own shares were held by Ctac N.V. or by any of its subsidiaries.

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

Statutory reserves
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. The statutory reserve cannot be distributed. The other reserves can be freely distributed. Please refer to note 28 for an explanation of the reserves.

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.

Anniversary provision
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 the IAS 19 Employee Benefits, a provision has been made for the conditional obligation resulting from this anniversary scheme. This provision is valued at the present value of the future payments for anniversary purposes. The provision is made on the basis of the projected average number of years of service per employee and the size of the payment, and is recognised at the present value (discount rate of 1%).

Loss-making contracts
A loss-making contract is a contract where the unavoidable costs of complying with the obligations pursuant to the contract exceed the economic benefits expected to be received. If there are any loss-making contracts with clients, a provision will be recognised and valued to the extent that the unavoidable costs of completing the contract exceed the contract price.

Revenue from contracts with clients
Revenue from contracts with clients is recognised as soon as the performance obligation has been fulfilled and the power to dispose of the service or goods delivered has been transferred to the customer. Revenue is recognised over time, i.e. 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 over time;
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.

If the criteria for the recognition of revenue during a period have not been met, the revenue is recognised at a point in time.

Ctac enters into service contracts with its customers. The contract is an agreement with one or more parties which has given rise to the rights and obligations. Ctac assesses whether there are any separate performance obligations as part of a contract. A performance obligation concerns a commitment to the customer for the provision of services and/or goods. A performance obligation can concern the provision of an individual service or good or a series of individually distinguishable services or goods having substantially identical characteristics and identical delivery patterns. A performance obligation is established at the start of the contract, based on the contract terms and agreements.
Revenue is recognised for each individual performance obligation to the amount expected to be received for the individual performance obligation, taking into account, if applicable, variable payments, significant financing elements, non-cash payments and payments made to the customer. 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. Ctac recognises its turnover from management and hosting contracts 'over time', since the performance obligation is complied with during the term of the contract, provided that the progress of the work can be reasonably and sufficiently reliably estimated.

Secondment contracts
Secondment services concern the provision (deployment) of employees based on a previously agreed number of hours. Revenue from secondment contracts is recognised over time during the term of the contract, with the performance obligation having been complied with when the hours have been worked.

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. Revenue from project agreements based on subsequent costing is also recognised 'over time'. Revenue is recognised at the point in time when the hours have been worked and the power of disposal has been transferred; at this point the performance obligation has been complied with.

Ctac recognises revenues from projects with a fixed contract price based on the ratio of the actual costs to the budgeted costs. Revenue is recognised according to the POC ('percentage of completion').

Licence sales
The service provision consists of the delivery of the perpetual right of use of software. Ctac recognises revenue from the sale of licences at a point in time since the performance obligation is complied with at the point in time when the licences are delivered. The power of disposal is transferred at that point in time.

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. This revenue is recognised 'over time'. The revenue is recognised at the moment when the service is delivered.

Hardware sales
The performance obligation relates to the delivery of the hardware ordered in accordance with the specifications as stated. Revenue from hardware sales is recognised 'at a point in time'. The performance obligation is complied with at the point in time when the hardware has been delivered, the power of disposal is transferred at that time.

Combination contracts
Licence 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.

Licence 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.

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

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

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

The transaction price is the amount of money that Ctac expects to receive in exchange for delivering its product or service. Variable payments are taken into account when determining the transaction price insofar as it is highly probable that there will not be a significant reversal of this variable payment. Discounts are charged to the revenue unless it is highly probable that the discount will not be given to the customer. Depending on the form of discount as defined in the contract, the discount is determined on the basis of the revenue already recognised and the estimate of the total revenue to be recognised. There is no financing element since a relatively short credit period is applicable to the sales.

Purchase value of hardware, software and outsourced activities
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. Ctac always acts as the principal in outsourced work arrangements.

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

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

Personnel costs

Wages and salaries

Wages and salaries paid to personnel are charged to the statement of profit and loss in the period in which the work was done and, if not paid yet, they are recognised in the balance sheet as a liability. If any payments already made to personnel exceed the amounts due, the excess will be recognised as prepaid expenses and accrued income to the extent that there will be a repayment by personnel or set-off against future payments by the company.

For wages and salaries where entitlements and bonuses are accrued, the expected expenses during the employment are taken into account. Additions to, and reversals of, liabilities are charged or credited to the statement of profit and loss.

If wages or salaries are paid where no entitlements are accrued (e.g. continued payment in the event of illness or disability), the expected expenses are recognised in the period for which these wages or salaries are due.

National insurance contributions

National insurance contributions are processed based on the terms and conditions of employment in the profit and loss account to the extent that they are owed to the tax authority.

Pension charges

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

Other operating costs

The costs are determined on a historical basis and allocated to the year under review to which they relate.

Financial income and expenses

Financial income includes the interest received on current account balances with credit institutions and interest received in connection with the settlement of financial claims. Financial expenses include interest charged by credit institutions on borrowed funds, interest paid in connection with the settlement of tax liabilities, and the amortisation of the earn-out obligations and obligations in connection with put options granted. Financial expenses also include the interest element of the lease obligations (see accounting principle 'Right-of-use assets and lease obligations').

Taxation on the result

Taxation on the result of the financial year comprises 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.

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.

Accounting principle for the cash flow statement

The cash flow statement has been prepared using the indirect method. A distinction is made in the cash flow statement 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 cash and cash equivalents within these interests. Paid dividends are included in the cash flow from financing activities. The balance of cash and cash equivalents is recorded in the cash flow statement including the amounts drawn from the current account as stated under the short-term liabilities. The non-cash transactions are included in the explanatory notes under the cash flow statement.

Financial Risk Management

Ctac is confronted with various financial risks, such as market risks, credit risks and liquidity risks. General risk management at Ctac, as supervised by the Board of Directors, covers a broader field than simply financial risks. 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. Financial risk management focuses in particular on risks that are relevant for Ctac in this context.

Financial market risk

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. Ctac continuously analyses the development of its cash and cash equivalents in relation to the available financing facilities and interest rate fluctuations.

Ctac has the following long-term interest-bearing debts:

- € 4.5 million (principal) to finance acquisitions, € 3.8 million remained as at the balance sheet date;
- the lease liabilities under the application of IFRS 16 Leases.

In January 2020, a five-year loan was taken out for € 4.5 million. This loan was taken out in order to finance the acquisition of Purple Square. This is an interest-bearing loan. The interest rate is three-months Euribor plus a spread of 2.95% per year. The bank has the possibility to change this spread once every three months. Such a change has not taken place.

Ctac owes a variable basic interest rate for the short-term interest-bearing bank loan, i.e. the credit facility. The interest rate is one-month average Euribor plus a Euribor market spread and a spread. This fixed spread was set at 2.150% in the credit agreement as amended in June 2020. The bank has the possibility to change this spread once every three months. Such a change has not taken place. The term of the short-term loan fluctuates depending on the requirement for cash and cash equivalents.

Ctac made very limited use of the credit facility in 2020. If during 2020, the interest rate on the long-term and short-term bank loans with a variable interest rate had 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 2020.

Ctac does not have any significant interest-bearing assets. As a result, group revenues are virtually completely independent of any changes to interest rates.

Please refer to the cash flow statement for non-cash transactions.

Currency risk

All companies within Ctac are located in the Eurozone. The large majority of revenue is generated within the Eurozone. Consequently, the euro is Ctac's reporting and functional currency. Ctac does not have any assets or liabilities outside of the Eurozone. The Board of Directors of Ctac considers the exchange rate risks to be very limited at year-end 2020.

Credit risk

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

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

The creditworthiness of customers is determined in advance on the basis of 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 their financial position, past experience, and other factors. Credit risks relating to customers are continually assessed. Ctac N.V.'s Board of Directors is of the opinion that the credit risk relating to customers is limited, given the individual sizes and independent positions of the various customers. We have been doing business with many of our customers for several years and in the past there have only been some rare cases where customers were unable to meet their obligations. Customers are continually individually assessed for compliance with agreements concerning payment conditions.

Ctac applies the IFRS 9 Expected Credit Loss Model to the category of Trade receivables and contract assets.

The maximum credit risk at the balance sheet date is the value of each item from the receivables as described above. Ctac has not obtained any security in respect of these receivables.
The maximum credit risk on trade receivables (gross), the revenue still to be invoiced in respect of services already provided, and the contract assets concerned the following amounts for the individual segments on the balance sheet date.

(in € x 1,000)	2020	2019
The Netherlands	12,531	12,378
Belgium	3,544	3,391
Other	110	398
Maximum credit risk as at 31 December	**16,185**	**16,167**

Trade receivables, revenue yet to be invoiced with regard to contracts based on subsequent costing, and fixed monthly instalments and contract assets are written off when there is no reasonable expectation that such amounts can be recovered. Indicators that there is no reasonable expectation of recovery include a debtor's inability to enter into a repayment scheme with the group and their failure to comply with contractual payments for a period of more than 90 days past due. The credit risk did not increase significantly during the past financial year. This was determined on the basis of the ageing of the accounts receivable during the financial year.

Impairments of trade receivables, revenue yet to be invoiced with regard to contracts based on subsequent costing, and fixed monthly instalments and contract assets are presented as net impairments as part of the operating result. Subsequent recoveries of amounts previously written off are credited to the same item.

The expected credit losses can be specified as follows.

(in € x 1,000)	2020				
	Payment term not expired	**Less than 3 months**	**Between 3 and 6 months**	**Between 6 and 12 months**	**More than 1 year**
Expected credit loss	**< 0.1 %**	**< 0.1%**	**< 0.1%**	**< 0.1%**	**80.4%**
Trade receivables	7,841	1,961	-	-	205
Revenue still to be invoiced	6,020	-	-	-	-
Contract assets	323	-	-	-	-
Expected credit loss	**-**	**-**	**-**	**-**	**165**

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

Liquidity risk
Liquidity management is centralised at Ctac. To this end, in the Netherlands, use is made of the centrally managed credit facilities at ABN AMRO Bank, which were agreed as follows in July 2016: a combined facility of a total of € 6.0 million. In Belgium, use is made of the credit facility with ING Bank of € 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 covenant within the financing facility is constituted by a 'senior net debt/EBITDA' ratio. The maximum ratio allowed is 2.0. 'Senior net debt' refers to all interest-bearing bank debts less the cash and cash equivalents that are immediately payable on demand. EBITDA is earnings before depreciation and amortisation of tangible and intangible assets, interest and other financial income and expenses, the result from participating interests, taxes and minority interests. In 2020, the ratio was -1.15. The average amount drawn on the credit facility in 2020 was nil. As this ratio has been amply met, no sensitivity analysis has been carried out.

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

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

(in € x 1,000)	2020			
	Financial obligation	**< 1 year**	**between 1 and 2 years**	**> 2 years**
Bank liabilities	3,825	900	900	2,025
Lease payments	10,744	2,770	1,957	6,017
Trade creditors and other liabilities	23,351	23,351	-	-

(in € x 1,000)	2019			
	Financial obligation	**< 1 year**	**between 1 and 2 years**	**> 2 years**
Bank liabilities	400	400	-	-
Lease payments	6,685	3,302	2,492	891
Trade creditors and other liabilities	18,315	18,315	-	-

Capital risk management
The management of capital is centralised at Ctac and is aimed at, on the one hand, ensuring the continuity of Ctac and, on the other, optimising the capital structure in order to reduce the cost of capital and to generate returns for shareholders.

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 2020 was approx. 34.9% (year-end 2019: approx. 42.9%). The solvency ratio is determined on the basis of group equity in relation to the balance sheet total. Ctac considers a minimum solvency of 25% to be a responsible minimum.

Project risk
Ctac has different forms of contracts with clients. An important part of Ctac's revenues is generated by projects for customers. How these projects and assignments are executed can have an important influence on Ctac's performance and results. There is a risk that projects are not completed in accordance with specifications, agreements and the margins planned. The financial risks are controlled by careful wording of the scope, frequent reporting to a Project Board, and implementation by experienced project management and qualified employees.

Key estimates and assumptions

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

Estimates with regard to impairment of goodwill
As regards the cash-generating units identified, Ctac carries out at least one assessment a year to identify whether there has been an impairment of the goodwill allocated to the relevant cash-generating units. There has been an impairment if the carrying amount exceeds the realisable amount. The calculations of the realisable amount involve the use of estimates and assumptions. The calculation uses future cash flows based on a multi-year projection for the next five years. The starting point for determining the future cash flows is the budget for the coming financial year, as well as estimates for the multi-year projections as regards growth in revenue and operating result, and assumptions for developments in investments and working capital. Please see note 1.2 for a detailed explanation of the goodwill impairment tests carried out. As at 31 December 2020, the book value was € 17,396 thousand.

Estimates for goodwill and purchased customer and contract portfolios
The financial statements include a material amount for acquisition-related intangible assets in connection with the acquisition of Purple Square. The initial valuation at fair value of these assets was made using valuation models. The results are influenced to a major extent by management estimates regarding the assumptions used (such as growth rates, economic life) and future expectations. The difference between the acquisition price and the net fair value acquired of the identifiable assets and liabilities is recognised as goodwill. The book value of the goodwill relating to the acquisition of Purple Square Management Partners B.V. was € 3,511 thousand and the book value of the associated customer and contract portfolios purchased € 3,361 thousand.

Financial liabilities for earn-out and put option agreements
The financial statements include financial liabilities for obligations relating to buying out minority shareholders, earn-out agreements and put options granted to minority shareholders. The settlement of these financial liabilities for put options is based on the present value of estimates of future operating results, derived from the business plans of the companies in question. The liability concerns the put option relating to the acquisition of Purple Square Management Partners B.V.; the liability at year-end 2020 was € 1,667 thousand.

Estimates with regard to the capitalisation of development costs
Estimates and assumptions were used in order to establish whether the costs comply with the capitalisation criteria and whether the costs incurred will result in future economic benefits. The cash flows of existing, contracted customers served as the basic assumption for this. Market developments and the timing when existing and/or potential customers reach the end of life stage of their current software and the probability of new customers being acquired should be taken into account to estimate the cash flows.

Estimates with regard to revenue from contracts with clients with a fixed contract price
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. Detailed pre-calculations are used to determine the readiness percentage. Based on the actual results achieved and estimates by project leaders, monthly estimates are made of the services provided for the individual projects as a percentage of the total services to be provided. This information is also used to decide whether a provision for loss-making projects should be formed. This is the case if 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. The balance sheet positions related to contracts with a fixed contract price amounted to € 109 thousand recognised as contract assets and € 65 thousand recognised under contract liabilities.

Significant estimates and assumptions when assessing renewal options
Renewal options are included in Ctac's leases. The valuation assesses whether it is likely to expect that the option to extend will be exercised. A possible extension was not taken into account when determining the cash value. Ctac will periodically reassess whether renewal options are being used. The Dutch lease contract includes a five-year extension option.

Segmented reporting

IFRS 8 requires segmented information in the financial statements that should be consistent with the internal information used by the Board of Directors, as the chief operating decision maker, to evaluate results, allocate resources and make decisions.

The Ctac Board of Directors manages the company on the basis of three geographic segments, i.e. 'the Netherlands', 'Belgium' and 'France', and one segment referred to as 'Other' which consists of Purple Square and the other activities, including the holding company.

An operating segment is considered to be a separately reportable segment if one of the quantity thresholds described in IFRS 8.13 is complied with. As Purple Square Management Partners B.V. does not meet any of these quantitative criteria it is presented in the 'Other' segment.

The segments of the Netherlands and Belgium generate the following revenues:

- revenues from secondment, i.e. making employees available;
- revenues with regard to delivery or completion of the project or of parts of the project in accordance with the predefined criteria;
- revenues from management and hosting contracts;
- revenues from licence and hardware sales;
- revenues from maintenance contracts.

The France segment generated revenues from secondment and projects.

In spite of the similarities between the service segments of the Netherlands and Belgium, based on the nature of the products / services provided, these segments are not aggregated since not all of the characteristics of IFRS 8.12 have been complied with.

The revenues in the 'Other' segment consist of revenues pursuant to secondment, i.e. making employees available.

The inter-segment transactions with respect to revenue concern the balance of the hiring of employees between the Netherlands and Belgium.

Prices and terms for inter-segment transactions are determined at arm's length. A segment's capital expenditure is the total cost incurred during the period under review for the segment to acquire assets that are expected to be used for more than one reporting period under review. Management information concerning balance sheet positions is gathered at the levels of the Netherlands, Belgium and Other segments, and analysed for these individual segments.

Ctac does not have any individual customers who represent 10% or more of the consolidated operating income.

The segmented results for the year 2020 can be specified as follows:

2020 Results
(in € x 1,000)

	The Nederlands	Belgium	France (discontinued operations)	Other	Inter-segment eliminations	Consoli-dated
Revenue from contracts with clients	72,496	16,484	254	5,491	(7,164)	87,561
Operating result	5,225	77	(598)	(641)	-	4,063
Financial income	-	98	137	99	(125)	209
Financial expenses	(114)	(221)	(72)	(272)	125	(554)
Result before tax	5,111	(46)	(533)	(814)	-	3,718
Taxes	(653)	(79)	(1,076)	1,122	-	(686)
Net result	**4,458**	**(125)**	**(1,609)**	**308**	**-**	**3,032**

2019 Results
(in € x 1,000)

	The Nederlands	Belgium	France (discontinued operations)	Other	Inter-segment eliminations	Consoli-dated
Revenue from contracts with clients	71,052	15,516	586	8	(5,344)	81,818
Operating result	4,634	106	(328)	(2,351)	-	2,061
Financial income	-	-	-	101	(35)	66
Financial expenses	(162)	(63)	(66)	(47)	35	(303)
Result before tax	4,472	43	(394)	(2,297)	-	1,824
Taxes	(915)	(123)	32	444	-	(562)
Net result	**3,557**	**(80)**	**(362)**	**(1,853)**	**-**	**1,262**

The assets and liabilities per segment by year-end 2020 can be specified as follows.

Assets and liabilities year-end 2020
(in € x 1,000)

	The Netherlands	Belgium	France (discontinued operations)	Other	Consoli-dated
Total assets	25,831	5,714	166	32,809	**64,520**
Total liabilities	19,521	3,924	390	18,196	**42,031**

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

Assets and liabilities year-end 2019
(in € x 1,000)

	The Netherlands	Belgium	France (discontinued operations)	Other	Consoli-dated
Total assets	22,332	4,363	1,512	17,163	**45,370**
Total liabilities	16,181	3,783	348	5,601	**25,913**

The other segmented information regarding the profit and loss account of 2020 is as follows:

Depreciation and amortisation 2020
(in € x 1,000)

	The Netherlands	Belgium	France (discontinued operations)	Other	Consoli-dated
Intangible fixed assets	753	-	-	530	**1,283**
Right-of-use assets	2,244	408	-	949	**3,601**
Tangible fixed assets	141	50	-	291	**482**
Total depreciation and amortisation	**3,138**	**458**	**-**	**1,770**	**5,366**

Impairments in 2020
(in € x 1,000)

	The Netherlands	Belgium	France (discontinued operations)	Other	Consoli-dated
Intangible fixed assets	200	-	-	-	**200**
Tangible fixed assets	-	-	-	-	**-**
Total impairments	**200**	**-**	**-**	**-**	**200**

An explanation of the impairment is provided in note 1.4.

Investments in 2020
(in € x 1,000)

	The Netherlands	Belgium	France (discontinued operations)	Other	Consoli-dated
Intangible fixed assets	788	-	-	7,184	**7,972**
Right-of-use assets	2,148	-	-	71	**2,219**
Tangible fixed assets	125	16	1	213	**355**
Total investments	**3,061**	**16**	**1**	**7,468**	**10,546**

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

Depreciation and amortisation 2019
(in € x 1,000)

	The Netherlands	Belgium	France (discontinued operations)	Other	Consoli-dated
Intangible fixed assets	518	-	-	218	**736**
Right-of-use assets	2,693	443	-	993	**4,129**
Tangible fixed assets	221	-	2	376	**599**
Total depreciation and amortisation	**3,432**	**443**	**2**	**1,587**	**5,464**

Impairments in 2019
(in € x 1,000)

	The Netherlands	Belgium	France (discontinued operations)	Other	Consoli-dated
Intangible fixed assets	-	-	-	-	-
Tangible fixed assets	-	-	-	-	-
Total impairments	**-**	**-**	**-**	**-**	**-**

Investments in 2019
(in € x 1,000)

	The Netherlands	Belgium	France (discontinued operations)	Other	Consoli-dated
Intangible fixed assets	722	-	-	7	**729**
Right-of-use assets	2,205	168	-	46	**2,419**
Tangible fixed assets	281	12	-	207	**500**
Total investments	**3,208**	**180**	**-**	**260**	**3,648**

The revenue and assets presented by geographical areas are as follows.

(in € x 1,000)

	Revenue from contracts with clients		Total assets	
	2020	**2019**	**2020**	**2019**
The Netherlands	75,015	68,528	58,640	39,495
Belgium	16,484	15,516	5,714	4,363
France (discontinued operations)	254	586	166	1,512
Inter-segment eliminations	(4,192)	(2,812)	-	-
Total	**87,561**	**81,818**	**64,520**	**45,370**

1. Intangible fixed assets

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

(in € x 1,000)

	Goodwill		Customer and contract portfolios purchased		Intangible fixed assets related to developed products		Intangible fixed assets produced in-house		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total acquisition value	26,198	26,198	-	-	5,517	4,795	1,107	1,100	32,822	32,093
Total amortisation and impairments	(12,313)	(12,313)	-	-	(2,150)	(1,635)	(796)	(576)	(15,259)	(14,524)
Book value as at 1 January	**13,885**	**13,885**	**-**	**-**	**3,367**	**3,160**	**311**	**524**	**17,563**	**17,569**
Produced in-house	-	-	-	-	605	722	-	-	605	722
Investments	3,511	-	3,673	-	183	-	-	7	7,367	7
Divestments	-	-	-	-	-	-	-	-	-	-
Amortisation	-	-	(312)	-	(750)	(515)	(221)	(220)	(1,283)	(735)
Impairment	-	-	-	-	(200)	-	-	-	(200)	-
Book value as at 31 December	**17,396**	**13,885**	**3,361**	**-**	**3,205**	**3,367**	**90**	**311**	**24,052**	**17,563**
Total acquisition value	29,709	26,198	3,673	-	6,305	5,517	1,107	1,107	40,794	32,822
Total amortisation and impairments	(12,313)	(12,313)	(312)	-	(3,100)	(2,150)	(1,017)	(796)	(16,742)	(15,259)
Book value as at 31 December	**17,396**	**13,885**	**3,361**	**-**	**3,205**	**3,367**	**90**	**311**	**24,052**	**17,563**

1.1 Impairments and reversals of impairments

In 2020, as in 2019, Ctac did not recognise any goodwill impairment or reverse any impairments recognised in earlier years.

In 2020, an impairment of € 200 thousand was recognised on intangible fixed assets related to products developed. An explanation is provided in note 1.4. No impairments on intangible fixed assets, recognised in earlier years, were reversed in 2020 and 2019.

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

Goodwill is attributed to cash-generating units (CGU). An impairment test is conducted at this level. Goodwill is divided as follows for each group of CGUs.

CGU (in € x 1,000)	**2020**	**2019**
The Netherlands	13,592	13,592
Purple Square	3,511	0
Other	293	293
Total	**17,396**	**13,885**

With effect from the financial year 2020, goodwill related to the acquisition of Purple Square has been allocated to the CGU Purple Square. The CGU 'Other' mainly concerns the goodwill related to the Resourcing activities.

The 2020 discount rate before tax has been established with due consideration of the effects of applying IFRS 16. This does not apply to the 2019 discount rate which has been included to enable a comparison. For all CGUs, the discount rate before tax in 2020 was 12.2% (2019: 13.9%).

The recoverable value per CGU is based on the value in use. The value in use is determined on the basis of future cash flow forecasts. A detailed forecast is prepared per CGU for the coming year based on the 2021 budgets, and, for the following years, forecasts are prepared based on assumptions for gross margin growth and margin development. The budgets for the 2021 financial year have been approved by the Supervisory Board.

The assumptions for all CGUs as of the 2022 financial year are as follows:
- 2% gross margin growth (revenue from contracts with clients less outsourced work and purchase value of hardware and software), and
- the EBITDA margin (percentage of the operating result before depreciation and amortisation) equal to budgeted margin in 2021.

In 2019, the same assumptions were used for all CGUs.

Cash flows after a period of five years are extrapolated with a low growth percentage of 2%. The assumptions used are acceptable in the sector in which Ctac is active. Based on the assumptions chosen, the impairment tests did not lead to an impairment of goodwill at year-end 2020.

Sensitivity analyses were carried out in addition to the impairment test at year-end 2020. The following sensitivity analyses were carried out for all CGUs with:
- a 10% decrease in EBITDA (operating result before depreciation and amortisation), or
- a 2% increase in the discount rate, or
- a 2% increase in the discount rate and a 10% decrease in EBITDA (operating result before depreciation and amortisation).

These sensitivity analyses did not result in an impairment in any of the CGUs.

As all companies, Ctac was confronted with the economic and social consequences of coronavirus in 2020. However, Ctac proved to be agile and Covid-19 only affected Ctac to a limited extent. Several scenario analyses have been drafted, taking expectations about the impact of Covid-19 into account. The basic assumption here has been the results achieved for 2020, as this is where the Covid-19 impact is visible. We have carried out the following scenario analyses for all CGUs with:
- no gross margin growth (revenue from contracts less outsourced work and purchase value of hardware and software) being assumed until the end of the 2023 financial year, and
- the EBITDA margin (percentage operating result before depreciation and amortisation) for the 2021 to 2023 financial years being identical to the margin achieved in 2020, and
- a 2% increase in the discount rate %.

These scenario analyses did not result in an impairment in any of the CGUs.

1.3 Investments and valuation of customer and contract portfolios purchased

Investments in 2020 relating to the customer and contract portfolios purchased concern the customer relationships and brand name of Purple Square Management Partners B.V. They have been identified as part of the Purchase Price Allocation. Please refer to note 21 for a further explanation. The book value of the customer relationships as at 31 December 2020 was € 3.0 million. The remaining term was eleven years. The book value of the brand name was € 0.3 million as at 31 December 2020. The remaining term was nine years.

1.4 Intangible fixed assets related to developed products
The book value of the intangible fixed assets related to products developed at the end of 2020 was € 3.2 million. This book value concerns the development costs of the Fit4Woco and Fit4RealEstate applications and a new release of the XV Retail cash desk software. The investment in 2020 concerned the new functionalities of the XV5 product.

Fit4Woco and Fit4RealEstate
Fit4 is an SaaS product for housing associations and commercial real estate. Its book value as at 31 December 2020 was € 1.4 million. The remaining life of this asset was four years.

An assessment was carried out during the financial year into how future cash flows for the Fit4 product (value in use of the asset) relates to the book value of the asset. Based on the calculation of the realisable value, it was concluded that there was an impairment. Market developments in the real estate market and the timing of when existing and/or potential customers reach the end of life stage of their current software and the probability of new customers being acquired, partly based on specifically identified recruitment actions, were taken into account to estimate the cash flows.

Ctac has noted that the commercial roll-out of our IP products, Fit4Woco for housing associations and Fit4RealEstate for the commercial real estate market, has been delayed due to Covid-19. After the initial successful launch of these products with a number of customers, Ctac noticed that the ongoing lockdown situation made it difficult to start and successfully complete new commercial projects in 2020. It was therefore decided to implement a downward adjustment of the capitalized development costs by € 200 thousand.

To determine the amount of the impairment, various scenarios were drafted in which there were a number of variables: the number of new customers, the size of the new customers, the time when new customers contribute to the cash flows. The amount of the impairment was determined on the basis of an estimation probability of the various scenarios. The impairment is the average of the estimation probability per scenario multiplied by the difference between the book value and the value in use.

XV Retail
XV Retail is cash desk software which consists of an omni-channel-driven Point-of-Sale & Loyalty platform. Its book value as at 31 December 2020 was € 1.8 million. The remaining life of this asset is four to six years.

Valuation
The realisable value for XV Retail was also assessed as at year-end 2020. Based on this it was concluded that there is no impairment trigger. Contracts with new customers were entered into in spite of Covid-19. Our XV Retail activities have grown as a result.

1.5 Investments in and valuation of intangible fixed assets produced in-house
No investments in intangible fixed assets produced in-house were made in 2020. The book value at year-end 2020 mainly concerns the optimisation of the ERP application which was put into use on 1 January 2016.

2. Right-of-use assets and lease obligations
The changes in the right-of-use assets are as follows:

(in € x 1,000)	Buildings		Lease cars		Other equipment		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Book value as at 1 January	**2,062**	**3,072**	**2,847**	**2,860**	**1,323**	**2,072**	**6,232**	**8,004**
First-time application of IFRS 16 Purple Square	-	-	207	-	-	-	207	-
Book value inclusive of Purple Square	**2,062**	**3,072**	**3,054**	**2,860**	**1,323**	**2,072**	**6,439**	**8,004**
Investments / new contracts	-	-	876	1,644	1,343	775	2.219	2,419
Interim contract adjustments	5,602	(17)	(53)	(92)	1	47	5.550	(62)
Depreciation	(879)	(993)	(1,485)	(1,565)	(1,237)	(1,571)	(3,601)	(4,129)
Book value as at 31 December	**6,785**	**2,062**	**2,392**	**2,847**	**1,430**	**1,323**	**10,607**	**6,232**

The right-of-use assets include contracts with a term of less than one year. At year-end 2020 this was an amount of € 0.5 million (2019: € 0.7 million).

The practical exception for leases with a term shorter than one year has not been made use of. There are no low-value leases.

The term of the lease of the head office in the Netherlands is ten years. The initial term of the lease of the office in Belgium is four years. The terms of car lease contracts generally vary between 36 and 48 months. The initial term of contracts for other equipment is 36 months.

The valuation assesses whether it is likely that an extension option will be exercised. A possible extension was not taken into account when determining the cash value. Ctac will periodically reassess whether renewal options are being used.

The increase in the right-of-use assets and lease liabilities is mainly due to the premature extension of the lease for the head office in the Netherlands.

Changes in lease obligations can be specified as follows:

(in € x 1,000)	2020	2019
Book value as at 31 December	6,472	-
First-time application of IFRS 16 Purple Square	212	-
Book value inclusive of Purple Square	**6,684**	**8,302**
Investments/new contracts	2,219	2,419
Interim contract adjustments	5,549	(62)
Interest charges	118	197
Lease payments (including interest component)	(3,826)	(4,384)
Book value as at 31 December	**10,744**	**6,472**
Lease obligations - long-term	7,974	3,433
Lease obligations - short-term	2,770	3,039
	10,744	**6,472**

An incremental interest rate was taken into account to calculate the cash value of the lease liability. The incremental interest rates were determined on the basis of the underlying assets and the term of the relevant lease contracts, and are 2.6%.

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

(in € x 1,000)	2020	2019
Depreciation of right-of-use	(3,601)	(4,129)
Interest charges in connection with lease obligations	(118)	(197)
Total	**(3,719)**	**(4,326)**

3. Tangible fixed assets

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

(in € x 1,000)	Investments Leased Buildings		ICT hardware		Fixtures and Fittings		Assets on order		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total acquisition value	1,388	1,379	4,702	4,495	624	595	110	-	6,824	6,469
Total depreciation	(1,001)	(863)	(4,119)	(3,733)	(546)	(499)	-	-	(5,666)	(5,095)
Book value as at 1 January	**387**	**516**	**583**	**762**	**78**	**96**	**110**	**-**	**1,158**	**1,374**
Investments	4	9	331	352	20	29	-	110	355	500
Divestments	-	-	-	-	-	-	(110)	-	(110)	-
Depreciation	(137)	(138)	(316)	(414)	(29)	(47)	-	-	(482)	(599)
Book value as at 31 December	**254**	**387**	**598**	**700**	**69**	**78**	**-**	**110**	**921**	**1,275**
Total acquisition value	1,384	1,388	2,063	4,847	517	624	-	110	3,964	6,969
Total depreciation	(1,130)	(1,001)	(1,465)	(4,147)	(448)	(546)	-	-	(3,043)	(5,694)
Book value as at 31 December	**254**	**387**	**598**	**700**	**69**	**78**	**-**	**110**	**921**	**1,275**

3.1 Investments and divestments

The investments in ICT hardware during 2020 mainly concern investments in laptops, servers and storage capacity.

Where necessary, the figures for 2019 have been reclassified to enable comparison with the figures for 2020.

Completely written off assets representing an amount of € 3.1 million were decommissioned in 2020.

3.2 Impairments and reversals of impairments

Ctac did not recognise any impairment of tangible fixed assets in 2020. Furthermore, no impairments recognised in earlier years were reversed in 2020.

4. Deferred taxes

Deferred taxes can be specified as follows:

(in € x 1,000)	2020	2019
Deferred tax assets	1,316	1,181
Deferred tax liabilities	(820)	(53)
Total deferred taxes	**496**	**1,128**

Changes in deferred tax assets can be specified as follows:

(in € x 1,000)	2020	2019
Balance as at 1 January		
Recognised rights to compensate losses	1,095	1,172
Temporary valuation differences commercial - tax	86	132
Total deferred tax assets	**1,181**	**1,304**
Application of IFRS 16 pursuant to acquisition	1	-
Recognised in the profit and loss account		
Recognised rights to compensate losses	185	(77)
Temporary valuation differences commercial - tax	(51)	(46)
Balance as at 31 December		
Recognised rights to compensate losses	1,280	1,095
Temporary valuation differences commercial - tax	36	86
Total deferred tax assets	**1,316**	**1,181**

The tax losses carry forward position is only recognised when it is expected that any losses available are feasible (total year-end 2020 approx.: € 5.4 million, year-end 2019 approx.: € 5.0 million). The amount is recognised at the nominal rate as applicable to future financial years, without taking any discounting into account. A deferred tax asset totalling € 1.3 million was recognised in respect of tax losses carried forward.

The temporary valuation differences concern unrealised IC results and the discounting of the lease liability.

As regards the deferred tax assets, an amount of € 0.6 million is expected to have a term longer than twelve months after the balance sheet date.

Changes in deferred tax liabilities can be specified as follows:

(in € x 1,000)	2020	2019
Balance as at 1 January		
Differences in depreciation/amortisation of (in)tangible fixed assets	47	95
Discounting of earn-out obligation	6	19
Total deferred tax liabilities	**53**	**114**
Investment		
Intangible fixed assets	797	-
Recognised in the profit and loss account		
Depreciation/amortisation of (in)tangible fixed assets	(142)	-
Change in rate	118	(48)
Discounting of earn-out obligation	(6)	(13)
Balance as at 31 December		
Differences in depreciation/amortisation of (in)tangible fixed assets	820	47
Discounting of earn-out obligation	-	6
Total deferred tax liabilities	**820**	**53**

The deferred tax liability for intangible fixed assets as at 1 January 2020 relates to the costs of those intangible assets produced in-house that have been charged directly to the result for tax purposes.

In 2020, € 797 thousand was added as a deferred tax liability relating to the intangible fixed assets associated with the acquisition of Purple Square Management Partners B.V.

Since the announced reduction of the Dutch tax rate to 21.7% is not expected to take place in the coming years, the deferred tax liability has been adjusted to a valuation based on a rate of 25%.

It is expected that an amount of € 730 thousand of the deferred tax liabilities will be set off after a period of more than twelve months after the balance sheet date.

5. Other long-term receivables

Other long-term receivables can be specified as follows:

(in € x 1,000)	2020	2019
Balance as at 1 January	**206**	**70**
Deposit payment	45	136
Balance as at 31 December	**251**	**206**

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 € 251 thousand was paid for this. This contract is effective until 2022. The fair value of the deposit is close to the book value.

6. Trade receivables and other receivables

Trade receivables and other receivables can be specified as follows:

(in € x 1.000)	2020	2019
Trade receivables	10,007	11,130
Provision for expected credit losses	(165)	(244)
Total trade receivables - net	**9,842**	**10,886**
Revenue still to be invoiced with regard to contracts based on subsequent costing and fixed monthly instalments	6,020	5,109
Contract assets	323	172
Other receivables	84	57
Accrued income	552	825
Total other receivables	**6,979**	**6,163**
Total trade receivables and other receivables	**16,821**	**17,049**

Prepayments and accrued income concern prepaid costs. The other receivables have a duration of less than one year both at year-end 2020 and year-end 2019.

The fair value of the trade receivables and other receivables is close to the book value. This also applied on 31 December 2020 for an amount of trade receivables of € 2.0 million (31 December 2019: € 3.3 million) for which the payment term has expired. Although the payment period has elapsed for receivables up to € 2.0 million, there are no indications as at the balance sheet date that the relevant trade debtors will not fulfil their payment obligations. Other provisions have been created for a few of these debtors because there are still outstanding liabilities in relation to the performance of the projects.

The age of the trade receivables is as follows:

	2020			2019
(in € x 1,000)	Trade receivables	Provision	Trade receivables net	Trade receivables net
Trade receivables for which there is no credit loss and for which the payment period has not yet elapsed	7,841	-	7,841	7,574
Trade receivables for which there is no credit loss and for which the payment period has elapsed				
for less than 3 months	1,961	-	1,961	2,965
between 3 and 6 months	-	-	-	-
between 6 and 12 months	-	-	-	-
more than 1 year	205	(165)	40	347
	2,166	(165)	2,001	3,312
Total trade receivables - net	**10,007**	**(165)**	**9,842**	**10,886**

The changes in the provision for expected credit losses are as follows:

(in € x 1,000)	2020	2019
Balance as at 1 January	**244**	**1.869**
Addition to the provision	8	147
Write-off in connection with expected credit loss	(66)	(1,766)
Release from the provision	(21)	(6)
Balance as at 31 December	**165**	**244**

At year-end 2020, the provision for expected credit losses was € 0.2 million (at year-end 2019: € 0.2 million). The total amount charged to the statement of profit and loss was € 13 thousand (2019: € 141 thousand).

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. The other receivables do not contain any assets with impairment.

7. Cash and cash equivalents

€ 0.5 million of the cash and cash equivalents balance at year-end 2020 were funds in a guarantee account. This part is not at Ctac's free disposal.

8. Shareholders' equity

At year-end 2020, the authorised share capital amounted to € 7,200,000 and was divided into 30,000,000 shares of € 0.24 as follows: 14,999,999 ordinary shares, 15,000,000 preference shares and 1 priority share. The issued share capital consists of 13,555,203 ordinary shares and 1 priority share. All issued shares are fully paid up.

The decision to pay stock dividend led to 623,802 new shares being issued in 2020 (2019: 124,319 new shares).

The composition of, and the changes in, shareholders' equity over the years 2020 and 2019 are stated on page 48 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.

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

9. Long and short-term bank liabilities

In January 2020, a five-year loan was taken out for € 4.5 million. This loan was taken out in order to finance the acquisition of Purple Square. This is an interest-bearing loan. The interest rate is three-months Euribor plus a spread of 2.95% per year.

The existing credit facility with ABN AMRO Bank was renewed in July 2020, with the following being agreed: a combination facility totalling € 6.0 million. Ctac has agreed a variable base rate for the interest to be paid on the combination facility. The interest rate is one-month average Euribor plus a Euribor market spread and a spread. This fixed spread was set at 2.150% in the credit agreement as amended in June 2020.

The covenant within the ABN AMRO financing facility is constituted by a 'senior net debt/EBITDA' ratio. The maximum ratio allowed is 2.0. 'Senior net debt' refers to all interest-bearing bank debts less the cash and cash equivalents that are immediately payable on demand. EBITDA is earnings before depreciation and amortisation of tangible and intangible assets, interest and other financial income and expenses, the result from participating interests, taxes and minority interests. In 2020, the ratio was -1.15. The average amount drawn on the credit facility in 2020 was nil.

In Belgium, use is made of the credit facility with ING Bank of € 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.

(in € x 1,000)	Nominal amount at inception	Repayment commitments after 5 years	Repayment commitments from 1 to 5 years	Book value as at 31-12-2020	Book value as at 31-12-2019
Long-term loan	4,500	-	2,025	2,925	-
Total long-term bank liabilities	**4,500**	**-**	**2,025**	**2,925**	**-**

(in € x 1,000)	2020	2019
Repayment commitment	900	-
Current account with credit institutions	-	400
Total short-term bank liabilities	**900**	**400**

10. Other long-term liabilities

10.1 Put option and earn-out obligation

The liability in respect of the put option agreement at year-end 2020 fully concerns the purchase of the 30% minority interest in Purple Square Management Partners B.V. as agreed at the time of the acquisition in January 2020. The purchase price of the remaining liability depends on the realised net result in 2020, 2021 and 2022 of Purple Square Management Partners B.V. The future results of the entity were estimated on the basis of a detailed forecast for the coming year, and assumptions for revenue growth and margin development for the year 2022. The liabilities for the remaining years calculated on the basis of the estimated results were recognised at the present value (discount rate of 1.5%). The liability will be settled as follows:

- the acquisition of 10%, payable in cash by 1 January 2022 at the earliest;
- the acquisition of 10%, payable in cash by 1 January 2023 at the earliest;
- the acquisition of 10%, to be paid in Ctac N.V. shares by 1 January 2023 at the earliest, based on the opening price of the Ctac N.V. share on 18 December 2019.

Covid-19 caused the 2020 net result of Purple Square Management Partners B.V. to be lower than the forecast which was used to assess the value of the initial liability of the put option agreement as at 14 January 2020. This resulted in a positive valuation difference of € 0.3 million being recognised in the 2020 statement of profit and loss.

The earn out liability as at 31 December 2019, in connection with the acquisition of the 4.4% minority interest in Ctac Resourcing B.V., was fully settled in December 2020 by accelerating the acquisition of the remaining 4.4%. An amount of € 0.4 million was paid in cash for acquiring the remaining interest. Improved results in 2020 and increased result expectations for 2021 resulted in a higher acquisition price than anticipated as at 31 December 2019. This resulted in a negative valuation difference of € 0.1 million recognised in the 2020 statement of profit and loss.

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

(in € x 1,000)	2020	2019
Long-term earn-out obligation	181	196
Short-term earn-out obligation	98	106
Balance as at 1 January	**279**	**302**
New liability pursuant to put option agreement	2,003	-
Valuation differences	(235)	63
Amortisation obligation	18	20
Settling the remaining earn out obligation	(398)	(106)
Balance as at 31 December	**1,667**	**279**
Balance of long-term liability	1,667	181
Balance of short-term liability	-	98

10.2 Discounts received in advance
These are discounts received in advance with a term longer than a year. The fair value of the discount received in advance is close to the book value.

The changes in discounts received in advance are as follows:

(in € x 1,000)	2020	2019
Balance as at 1 January	**34**	**65**
Release of discount received in advance	(34)	-
Addition to discount received in advance	349	-
Transferred to short-term liabilities	(95)	(31)
Balance as at 31 December	**254**	**34**

The maturity dates of the discounts received in advance, including the part under short-term liabilities, are as follows.

(in € x 1,000)	< 1 year	1-2 years	> 2 years	Total including short-term liabilities
Discounts received in advance	95	95	159	**349**
Total discounts received in advance	**95**	**95**	**159**	**349**

11. Provisions
The changes in the provisions are as follows:

(in € x 1,000)	Anniversary payments	Redundancy payment	Loss-making contracts	Other	2020 Total	2019 Total
Balance as at 1 January	**100**	**-**	**119**	**-**	**219**	**1,100**
Additions charged to the result	16	298	30	146	490	122
Released to the result	-	-	-	-	-	(6)
Allocated	(22)	-	(109)	-	(131)	(997)
Balance as at 31 December	**94**	**298**	**40**	**146**	**578**	**219**

11.1 Provision for anniversary payments
The term of the provision for anniversary payments is longer than one year for an amount of € 75 thousand (2019: € 79 thousand).

11.2 Provision for severance pay
An amount of € 100 thousand of the provision for severance pay concerns the termination of employment contracts in France. At year-end 2020, the term of this provision was less than one year.

11.3 Provision for loss-making contracts
The provision for loss-making contracts had a duration of less than one year, both at year-end 2020 and year-end 2019.

12. Trade creditors and other liabilities
The composition of the trade creditors and other liabilities is as follows:

(in € x 1,000)	2020	2019
Trade creditors	4,705	4,550
Taxes and national insurance contributions	5,341	3,649
Contractual obligations	3,036	2,254
Other liabilities	159	117
Accruals and deferred income	10,110	7,843
Total trade creditors and other liabilities	**23,351**	**18,413**

The fair value of the trade creditors and other liabilities is close to the book value.

The contractual obligations concern the obligations to transfer goods or services to a customer to the extent that Ctac has invoiced the customer for this. € 0.3 million of these contractual obligations have a term of more than 1 year (2019: € 0.5 million).

In 2020, the Other liabilities item concerned an outstanding amount to be paid to Parval B.V. In 2019, this included 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.

13. Revenue from contracts with clients

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

Nature of the goods or services (in € x 1,000)	2020	2019
Licence and hardware sales	3,037	1,933
Management and hosting contracts	33,374	33,699
Secondment assignments and project agreements	44,161	38,106
Maintenance contracts	6,735	7,494
Total revenue from contracts with clients	**87,307**	**81,232**

Timing of recognition of revenue (in € x 1,000)	2020	2019
Goods transferred ‘at point of time’	3,037	1,933
Services provided 'over time'	84,270	79,299
Total revenue from contracts with customers	**87,307**	**81,232**

No revenue was recognised for performance obligations completed in the previous year.

Balance sheet positions from contracts with clients

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

Balance sheet position regarding contracts with clients (in € x 1,000)	31 December 2020	31 December 2019
Trade receivables	9,842	10,886
Revenue still to be invoiced with regard to contracts based on subsequent costing and fixed monthly instalments	6,020	5,109
Contract assets	323	172
Contractual obligations	(3,036)	(2,254)

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

Revenue still to be invoiced in respect of contracts based on subsequent costing or fixed monthly instalments relates to services or products already delivered which are invoiced to customers in the short-term, after which they are recognised 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, revenue still to be invoiced and contract assets of approx. € 0.2 million was recognised at year-end 2020 (year-end 2019: approx. € 0.2 million).

The contractual obligations relate to amounts already invoiced to customers where the services in question still need to be provided. This revenue is recognised at the moment when the performance obligation has been complied with. Approx. € 0.3 million of the contractual obligations by year-end 2020 will lead to revenue in the years after 2021. The contractual obligations that were recognised by year-end 2019 led to € 1.8 million in revenue being processed in 2020.

Expiry of contractual obligations (in € x 1,000,000)	Within 1 year	1-2 years	After 2 years
Contractual obligations year-end 2019	1.8	0.1	0.4
Contractual obligations year-end 2020	2.7	0.1	0.2

14. Personnel costs

The composition of the personnel costs is as follows:

(in € x 1,000)	2020	2019
Wages	32,700	29,915
Social charges	4,336	4,369
Pension charges	1,763	1,620
Other personnel costs	32	988
Total personnel costs	**38,831**	**36,892**

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 2020 amounts to 386 (2019: 379). This is divided among the segments as follows.

Number of FTEs per segment	2020	2019
The Netherlands	272	285
Belgium	51	54
France (discontinued operations)	4	2
Other	59	38
Total number of FTEs	**386**	**379**

Number of FTEs per department*	2020	2019
Cloud services	101	101
Consulting & Resourcing	195	185
Staff	51	52
Sales	33	36
BoD	2	3
Total number of FTEs	**382**	**377**

*) excluding France

15. Other operating costs

The other operating costs can be specified as follows:

(in € x 1,000)	2020	2019
Car expenses	1,727	1,883
Accommodation expenses	607	777
Infrastructure costs	5,325	4,869
Marketing and sales costs	374	898
Other costs	1,971	2,662
Valuation differences put option and earn-out obligations	(235)	55
Total other operating costs	**9,769**	**11,144**

The other expenses include items such as the costs of insurance, auditors' fees and consultancy fees. The decrease compared to 2019 was caused by a one-off charge as a consequence of damages having been awarded by a court ruling and the associated costs of € 1.3 million. The consultancy fees relating to the acquisitions of Purple Square and Oliver were charged to Other expenses in 2020.

Auditors' fees

The following amounts of auditor's fees were charged to the result for the financial year:

2020 (in € x 1,000)	Auditors	Other network	Total network
Audit of the financial statements	217	13	230
Other audit work	-	5	5
Tax services	-	-	-
Other non-audit services	-	-	-
	217	**18**	**235**

2019 (in € x 1,000)	Auditors	Other network	Total network
Audit of the financial statements	175	31	206
Other audit work -	-	-	
Tax services	-	-	-
Other non-audit services	-	-	-
	175	**31**	**206**

The above fees concern the work performed at the company and the companies involved in the consolidation by external auditors and audit firms as referred to in Section 1(1) Wta (Audit Firms (Supervision) Act) and the fee charged by the entire network to which the audit firm belongs. These fees relate to the auditing of the financial statements for the year 2020, regardless of whether the work was already carried out during the financial year. In addition, the fees related to other audit work concern auditing the liquidation of the intermediate holding company.

16. Financial income and expenses

The financial income and expenses can be specified as follows:

(in € x 1,000)	2020	2019
Financial income	72	66
Financial expenses	(346)	(20)
Amortisation of put option and earn-out obligations	(18)	(20)
Financial expenses of lease obligations	(118)	(197)
Total financial income and expenses	**(410)**	**(171)**

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

17. Taxes

Taxes can be specified as follows:

(in € x 1,000)	2020	2019
Taxes currently payable for the ongoing financial year	(831)	(498)
Deferred taxes	1,239	(100)
Taxes for prior financial years	(18)	4
Total taxes	**390**	**(594)**

The tax burden on the result before taxes amounts to -9.2% (2019: 26.8%) and can be specified as follows:

As a % of the result from ordinary activities before tax	2020	2019
Nominal tax burden	25.0	25.0
Effects of lower first bracket	(1.2)	(1.1)
Rate differences foreign countries	0.3	0.6
Innovation box for the ongoing financial year	(4.6)	(3.9)
Change in rate in the years to come	2.1	1.0
Non-deductible amounts	3.0	4.2
Put option and earn-out scheme payment differences	(1.4)	0.6
Uncapitalised deferred taxes on loss set-off	(32.4)	0.4
Tax burden according to the consolidated financial statements	**(9.2)**	**26.8**

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 operating result (EBIT) for the Dutch tax entity Ctac.

The tax burden in 2020 was lower than the nominal tax burden of 25%, primarily due to the lower tax rate for taxable profit of the fiscal entity Ctac N.V. as a result of the Innovation box and due to the liquidation loss with regard to Alpha Distri B.V., for which no deferred taxes had been recognised yet.

The intended liquidation of Ctac France SAS led to a deferred tax asset of € 1.3 million being created in connection with the loss available for setoff against tax being valued at the amount sacrificed by Ctac N.V. All of this amount was credited to the 2020 result as deferred tax. The deferred tax asset in connection with the valuation of loss available for setoff against tax accrued by Ctac France SAS for an amount of € 1.1 million as at 31 December 2019 on the balance sheet of Ctac France SAS was fully written down in 2020 as a consequence of the intended liquidation; this write-down is expressed in the net result from discontinued activities.

18. 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	2020	2019
Net result (in € x 1,000)	3,032	1,262
Net result from continued operations (in € x 1,000)	4,641	1,624
Net result from discontinued operations (€ x 1,000)	(1,609)	(362)
Net result from continued operations attributable to shareholders Ctac N.V. (in € x 1,000)	4,641	1,624
Net result from discontinued operations attributable to shareholders Ctac N.V. (in € x 1,000)	(1,609)	(362)
Number of shares		
Number of ordinary shares outstanding (start-of-year)	12,931,401	12,807,082
Number of ordinary shares outstanding (year-end)	13,555,203	12,931,401
Weighted average of shares outstanding	13,243,302	12,879,601
Result from continued operations attributable to shareholders Ctac N.V. per weighted average share outstanding (in €)	**0.35**	**0.13**
Result from discontinued operations attributable to shareholders Ctac N.V. per weighted average share outstanding (in €)	**(0.12)**	**(0.03)**
Average share price (in €)	2.00	2.45
Potential dilution of ordinary shares	296,585	-
Number of potential shares outstanding for diluted profit per share	13,539,887	12,879,601
Net result from continued operations attributable to shareholders Ctac N.V., per share after potential dilution (in €)	**0.34**	**0.13**
Net result from discontinued operations attributable to shareholders Ctac N.V. per share after potential dilution (in €)	**(0.12)**	**(0.03)**

The potential dilution is the result of the put option liability, the third tranche of which will be settled in shares.

19. Dividend per share

The proposal submitted to the General Meeting of Shareholders is to pay out an optional dividend of € 0.08 per share. A resolution was adopted by the General Meeting of Shareholders of 1 July 2020 to pay a dividend of € 0.08 per Ctac N.V. ordinary share, to be paid as a stock dividend. Pursuant to this resolution, 623,802 shares were issued as stock dividends in 2020.

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

The company and its participations have guarantees for a total amount of approximately € 0.3 million (2019: approximately € 0.3 million) outstanding. These guarantees have been issued in connection with current lease obligations.

At year-end 2020, Ctac made investment commitments regarding the expansion of the data centres for an amount of € 1.0 million (2019: € 0.6 million).

In connection with its rental and lease obligations, Ctac has a total amount of approximately € 2.7 million (2019: € 2.7 million) in liabilities regarding service components in connection with rental, data and car leasing contracts.

Ctac N.V. and the Dutch group companies, except Purple Square Management Partners B.V., are a fiscal entity for revenue tax purposes. Ctac N.V. and the Dutch group companies, except Ctac Resourcing B.V. and Purple Square Management Partners B.V., are a fiscal entity for corporation tax purposes. As a consequence, the companies involved are jointly and severally liable for the obligations of the fiscal entity. Payments are set off with group companies through the current accounts.

21. Acquisitions and divestments

The participating interest in Ctac Resourcing B.V. was expanded by 6.4% to 100% in 2020; in addition to the regular expansion by 2.2%, the last 4.4% were purchased at an accelerated pace, enabling the full integration with the activities of Ctac B.V. to be carried out at an accelerated pace.

On 14 January 2020, a 70% interest was acquired in Purple Square Management B.V., a company specialising in programme and project management, and change management. The acquisition of the majority share in Purple Square is a good match with Ctac's business model and strategy, and will contribute to the strategy of taking up leading positions in IT modernisation, Connected Intelligence, Transformation & Change Management, Security & Trust, and Business Transformation.

Acquisition price

The details of the acquisition are as follows.

(in € x 1,000)	
Paid in cash	4,480
Deferred / contingent consideration	2,003
Total acquisition price	**6,483**

Deferred consideration / liability in respect of put option granted

The liability in respect of the put option granted at year-end 2020 concerns the purchase of the 30% minority interest in Purple Square Management Partners B.V. as agreed at the time of the acquisition in January 2020. Please refer to note 10 for a further explanation.

Acquisition costs

Acquisition-related costs, such as legal fees and due diligence costs, were recognised as Other operating costs in 2019 and in 2020.

Assets and liabilities identified
The assets and liabilities acquired as a result of the acquisition can be specified as follows.

(in € x 1,000)	Book value	Changes to the fair value	Fair value
Intangible fixed assets - customer relationships	-	3,306	3,306
Intangible fixed assets - brand name	-	367	367
Lease car right-of-use assets	207	-	207
Cash and cash equivalents	538	-	538
Other current assets	1,387	-	1,387
Long-term debt minority shareholder	(300)	-	(300)
Short-term liabilities (excluding lease obligations)	(1,524)	-	(1,524)
Lease obligations	(212)	-	(212)
Deferred tax liabilities	-	(797)	(797)
Total net assets acquired	**96**	**2,876**	**2,972**

The other current assets consisted of € 1.3 million of receivables and amounts to be invoiced. No credit losses were recognised.

Purple Square Management Partners B.V.'s customer relationships and brand name were valued as part of the Purchase Price Allocation as follows:
- the customer relationships were valued at € 3.3 million and will be amortised over a period of twelve years;
- the brand name was valued at € 0.4 million and will be amortised over a period of ten years.

Since these amortisation costs do not qualify as expenses for tax purposes, deferred taxes were recognised for 21.7% of the total intangible assets of the customer relationships and brand name. Total amortisation and depreciation charge after tax were € 276 thousand in 2020.

The value was determined on the basis of the income approach, where the fair value is determined on the basis of future cash flows attributable to the intangible assets, assuming a lifetime of twelve years for the customer relationships and ten years for the brand name.

The cash flows are discounted at a rate that reflects the risk of the cash flows.

Goodwill
The goodwill arising from the acquisition is determined as follows.

(in € x 1,000)	
Total acquisition price	6,483
Net assets acquired	2,972
Goodwill	**3,511**

The goodwill is mainly attributable to the qualified consultants and the expected growth in revenues as a result of the synergy.

Revenue and results
Revenue in the financial year 2020 was € 5.5 million, operating income was € 646 thousand and the net result was € 494 thousand.

22. Related parties

22.1 Identities of related parties
The group companies, the members of the Supervisory Board, the members of the Board of Directors and the major shareholders qualify as related parties of Ctac N.V. The members of the Board of Directors are assessed as key management.

22.2 Transactions with the members of the Board of Directors and of the Supervisory Board
22.2.1 Remuneration policy
The aim of Ctac N.V.'s remuneration policy is to provide a clear picture of the policy that should be followed with regard to the remuneration of the members of the Board of Directors and managers, this also in view of being able to ensure that the company can attract and retain qualified and experienced managers. Such a policy cannot be viewed separately from the following basic principles:
- The customer's interest is key. This interest is served when the members of the Board of Directors and the managers satisfy the most stringent professional requirements, and they therefore deserve 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 such an assessment will take place are determined.

22.2.2 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 2020 and 2019 respectively.

(in € x 1,000)	2020	2019
Board of Directors (key management)		
Periodically payable remunerations	685	972
Other benefits payable in due course	168	112
Remuneration costs after termination of employment	-	-
Payments on termination of employment	-	275
Share-based payments	-	-
Total remuneration to the Board of Directors	**853**	**1,359**

The level of the variable remuneration depends on the extent to which targets have been realised. The most important targets are defined as targets for development in revenue, development in the result, and product development. The variable remuneration is capped at 45% of the annual salary and depends on the extent to which targets and budgets are achieved. 35% of the fixed salary will be awarded for achieving the target; if 110% or more of the targets have been achieved, the maximum score of 45% will be awarded. Achieving 90% of the objectives will result in 25% of the fixed salary being awarded, which will decrease to 10% if only at 80% of the targets have been achieved, and the minimum bonus of 5% of the fixed salary will be awarded if 75% of the targets have been achieved. If less than 75% of the targets have been achieved, no bonus will be awarded.

25% of the revenue development target, 10% of the EBITDA (operating profit + depreciation and amortisation) target, 35% of the recurring revenue target and 35% of the realisation target in respect of baseline measurements with regard to employee satisfaction and corporate social responsibility were achieved in 2020. A further explanation can be found in the remuneration report.

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

22.2.3 Shares and option rights held by the members of the Board of Directors
The members of the Board of Directors are entitled to an LTI (long-term incentive), based on the underlying development of the price of the Ctac share. The agreements regarding the current LTI ran from 2018 to 2020. No liability has been recognised since the LTI conditions were not fulfilled.

22.2.4 Remuneration of members of the Supervisory Board
With regard to the remuneration of the members of the Supervisory Board, the following amounts have been recognised in the results of 2020 and 2019 respectively.

	2020	2019
(in € x 1,000)		
Supervisory Board		
G. van de Weerdhof	45	45
E. Kraaijenzank	33	33
E. Karsten	33	33
Total remuneration	**111**	**111**

22.2.5 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.

23. Events after the balance sheet date

Acquisition of Oliver B.V.
Ctac acquired 51% of the shares in Oliver B.V. on 14 January 2021. Oliver specialises in integration and software development. Oliver has its registered office in 's Hertogenbosch and was established in 2009. The Oliver team currently consists of approximately 40 employees. Oliver works according to the motto of Redefining Simplicity and is a market leader for integration, web & mobile solutions.

It is Ctac's strategy to take up leading positions in IT modernisation, Connected Intelligence, Transformation & Change Management, Security & Trust, and Business Transformation. The acquisition of the majority interest in Oliver seamlessly matches Ctac's business model and strategy.

Ctac has entered into this business combination with an eye to achieving certain synergy benefits with regard to the integration of the sales function. This will enable Oliver's products and services to be offered to existing Ctac customers, and Ctac's products to be offered to existing Oliver customers. The synergy benefits resulting from the combined processes of Ctac and Oliver will create goodwill.

Ctac acquired a 51% interest for a cash payment of € 2.4 million. The remaining interest of 49% is associated with a call option for acquiring 10% of the Residual Shares each year, and 9% in the last year, for five years. Except for the first year, the call option will only have to be exercised if certain threshold amounts with regard to the operating result target have been met. The purchase price of the remaining interest depends on Oliver's future operating results and will be paid in cash.

On the date of the acquisition of Oliver, and on the date on which the 2020 financial statements were approved for publication, Ctac did not yet have Oliver's financial data and/or financial statements prepared in accordance with the IFRS accounting principles applied by Ctac in its 2020 financial statements. As a result, not all information as referred to in IFRS 3 B64 has been explained.

- The amount of goodwill expected, as well as the fair value to be assigned to the intangible assets, is not known yet as no 'purchase price allocation' had taken place when the 2020 financial statements were prepared.

We can already provide the information below based on Oliver's financial statements.
- The receivables acquired mainly consisted of amounts owed from trade receivables and revenue still to be invoiced. The amount of receivables acquired was € 814,832 on the balance sheet date.
- The assets acquired mainly consisted of:
  - fixed assets € 136,623
  - amounts owed from receivables and revenue still to be invoiced € 814,832
  - prepaid expenses € 135,196
  - cash and cash equivalents € 50,242
- The liabilities acquired mainly consisted of:
  - creditors € 122,125
  - liabilities regarding tax and national insurance contributions € 478,607
  - other liabilities € 374,522
- There are no contingent liabilities.
- The effective acquisition date is 1 January 2021. Oliver will be included in the consolidated figures of Ctac N.V. with effect from this date.

Regime applicable to dual-board entities
Ctac filed the statement referred to in Section 2:153(1) of the Dutch Civil Code with the Commercial Register of the Chamber of Commerce on 4 February 2021, stating that it complies with the conditions of Section 2:153(2) of the Dutch Civil Code. As a consequence of this statement, Ctac will have to match its articles of association to the requirements of the regime applicable to dual-board entities.

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

(in € x 1,000)	Note	2020	2019
ASSETS			
Fixed assets			
Intangible fixed assets	24	2,534	2,753
Tangible fixed assets	25	16	32
Financial fixed assets	26	19,022	35,825
		21,572	**38,610**
Current assets			
Trade receivables and other receivables	27	2,921	508
Cash and cash equivalents	28	1,028	-
		3,949	**508**
		25,521	**39,118**
LIABILITIES			
Shareholders' equity	29		
Issued share capital		3,253	3,104
Share premium		11,546	11,695
Statutory reserves		3,295	3,678
Other reserves		1,363	(282)
Result for the financial year		3,032	1,262
		22,489	**19,457**
Long-term liabilities			
Deferred tax liabilities	30	9	57
		9	**57**
Current liabilities			
Short-term bank liabilities	31	-	-
Trade creditors and other liabilities	32	3,023	19,604
		3,023	**19,604**
		25,521	**39,118**

Company profit and loss account for

(in € x 1,000)	Note	2020	2019
Revenue		-	-
Operation expenses			
Outsourced work		351	-
Personnel costs	33	1,273	1,923
Depreciation and amortisation	24-25	235	232
Other operating costs	34	(934)	(1,022)
Total operation expenses		**(925)**	**(1,133)**
Operating result		**(925)**	**(1,133)**
Financial income	35	99	101
Financial expenses	35	(101)	(10)
Total financial income and expenses		**(2)**	**91**
Result from group companies	26.1	**2,722**	**2,084**
Result before profit tax		**1,795**	**1,042**
Taxes	36	1,237	220
Net result		**3,032**	**1,262**

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

Accounting principles for preparing the company financial statements
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 is made of the option provided by Section 2:362(8) of the Dutch Civil Code to apply the same accounting policies for the valuation and determination of results (including the accounting policies for presentation of financial instruments such as shareholders' equity or borrowed capital) as are applied in the consolidated financial statements.

Pursuant to a legislative amendment, public-interest entities, 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).

Where necessary, the figures for 2019 were reclassified to enable a comparison with those for 2020. In 2019, the claim concerning Leaseweb was recognised under Ctac N.V. instead of Ctac B.V. This has been corrected in the comparative figures in the 2020 financial statements, resulting in its being shifted from the other operating costs to the result from group companies.

Goodwill
Goodwill that may result from the acquisition of participations is the difference between the purchase price of the acquired company minus the balance of the net fair value of the identifiable assets and the fair value of the liabilities acquired of the company.

Goodwill is presented depending on the structure of the acquisition. Goodwill is presented separately in the company financial statements if it concerns an acquisition done by the actual company itself, i.e. Ctac N.V.

Financial fixed assets / participating interests in group companies
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.
The result from group companies consists of the results for the financial year of the participating interests included in the balance sheet.

24. Intangible fixed assets
Changes in intangible fixed assets are as follows:

(in € x 1,000)	Goodwill		Intangible fixed assets produced in-house		Total	
	2020	2019	2020	2019	2020	2019
Book value as at 1 January	**2,450**	**2,450**	**303**	**512**	**2,753**	**2,962**
Investments	-	-	-	8	-	8
Amortisation	-	-	(219)	(217)	(219)	(217)
Book value as at 31 December	**2,450**	**2,450**	**84**	**303**	**2,534**	**2,753**
Total acquisition value	6,646	6,646	1,094	1,094	7,740	7,740
Total amortisation and impairments	(4,196)	(4,196)	(1,010)	(791)	(5,206)	(4,987)
Book value as at 31 December	**2,450**	**2,450**	**84**	**303**	**2,534**	**2,753**

25. Tangible fixed assets
The changes in tangible fixed assets are as follows:

Total ICT hardware (in € x 1,000)	2020	2019
Book value as at 1 January	**32**	**30**
Investments	-	17
Depreciation	(16)	(15)
Book value as at 31 December	**16**	**32**
Total acquisition value	71	220
Total depreciation	(55)	(188)
Book value as at 31 December	**16**	**32**

Completely written off assets representing an amount of € 150 thousand were decommissioned in 2020.

26. Financial fixed assets
The composition of the financial fixed assets is as follows:

(in € x 1,000)	2020	2019
Participating interests and receivables from participating interests	17,678	35,619
Other receivables	1,344	206
Total financial fixed assets	**19,022**	**35,825**

26.1 Participations
The changes in the participations item are as follows:

(in € x 1,000)	2020	2019
Balance as at 1 January	35,619	32,615
First-time application of IFRS 16	-	(228)
	35,619	**32,387**
Result from group companies	2,722	2,084
Dividend received	(24,000)	-
Other movements	3,337	1,148
Balance as at 31 December	**17,678**	**35,619**

The other movements mainly concern the winding-up of the intermediate holding company in Belgium.
A list of names, registered offices, and shares in capital interests can be found in Appendix 1 to the Financial Statements.

26.2 Other long-term receivables
Other receivables can be specified as follows:

(in € x 1,000)	2020	2019
Balance as at 1 January	**206**	**70**
Deposit payment	45	136
Deferred tax assets	1,093	-
Balance as at 31 December	**1,344**	**206**

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 € 251 thousand was paid for this. This contract is effective until 2022. The fair value of the other long-term receivables is close to the book value.

27. Trade receivables and other receivables

Trade receivables and other receivables can be specified as follows:

(in € x 1,000)	2020	2019
Trade receivables and receivables in respect of group companies	2,088	303
Other claims and payments and accrued income	833	205
Total trade receivables and other receivables	**2,921**	**508**

There are no receivables in respect of group companies of a term of longer than one year. No security or guarantees have been provided for the trade receivables and receivables in respect of group companies. No interest has been charged either.

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

28. Cash and cash equivalents

The balance of cash and cash equivalents at year-end 2020 is at Ctac's free disposal.

29. Shareholders' equity

Changes in shareholders' equity in 2020 can be specified as follows:

(in € x 1,000)	Issued share capital	Share Premium Reserve	Statutory reserves	Other reserves	Undistri-buted profit	Total
Balance as at 31 December of the previous financial year	**3,104**	**11,695**	**3,678**	**(282)**	**1,262**	**19,457**
Appropriation of the result in the previous financial year	-	-	-	1,262	(1,262)	-
Dividend	149	(149)	-	-	-	-
Net result	-	-	-	-	3,032	3,032
Change in accordance with the statutory reserve	-	-	(383)	383	-	-
Balance as at 31 December	**3,253**	**11,546**	**3,295**	**1,363**	**3,032**	**22,489**

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

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

29.1 Profit appropriation proposal
A net profit of € 3.0 million was achieved in the year under review. An optional dividend is applicable for the financial year 2020. Shareholders who do not indicate their preference will automatically be awarded a dividend in the form of shares. It will be proposed to the General Meeting of Shareholders that a dividend of € 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.

30. Deferred tax liabilities
The changes in deferred tax liabilities are as follows:

	2020	2019
(in € x 1,000)		
Balance as at 1 January	**57**	**101**
Intangible fixed assets produced in-house		
Recognised in the profit and loss account	(48)	(44)
Balance as at 31 December	**9**	**57**

31. Short-term bank liabilities
Amounts drawn by Ctac N.V. under the total current account credit facility, totalling € 6.0 million at year-end 2020 (2019: € 6.0 million), are recognised under short-term bank liabilities. Equal to 2019, short-term bank liabilities at year-end 2020 were nil.

32. Trade creditors and other liabilities
The composition of the trade creditors and other liabilities is as follows:

	2020	2019
(in € x 1,000)		
Trade creditors	1,937	1,060
Taxes and national insurance contributions	55	73
Other liabilities	-	17
Other debts to group companies	28	17.934
Accruals and deferred income	681	422
Corporation tax	322	98
Total trade creditors and other liabilities	**3,023**	**19,604**

All trade creditors and other liabilities have a term of less than 1 year. No security or guarantees were provided for the trade creditors, other liabilities and liabilities in respect of group companies. No interest was charged either.

The fair value of the trade creditors and other liabilities is approximately that of the book value.

33. Personnel costs
The composition of the personnel costs is as follows:

	2020	2019
(in € x 1,000)		
Wages	751	1,133
Social charges	17	25
Pension charges	29	136
Other personnel costs	476	629
Total personnel costs	**1,273**	**1,923**

Ctac has a defined contribution pension scheme with a defined contribution percentage according to a graduated age scale. Ctac pays fixed premiums to an insurance company and Ctac has no legal or actual obligation to pay additional premiums if the insurance company has insufficient means to pay current and future pensions.

The average staffing (FTEs) over 2020 amounts to 2 (2019: 2).
Ctac N.V. does not employ any employees outside of the Netherlands.

34. Other operating costs
The other operating costs mainly consist of car expenses, marketing and sales costs, ICT costs, auditors' and consultancy fees, and costs passed on to the other group companies, leading to a gain.

35. Financial income and expenses
The financial income and expenses can be specified as follows:

	2020	2019
(in € x 1,000)		
Financial income	(99)	(101)
Financial expenses	101	10
Total financial income and expenses	**2**	**(91)**

36. Taxes
Taxes can be specified as follows:

	2020	2019
(in € x 1,000)		
Tax currently payable for the financial year	100	404
Tax for prior financial years	(4)	12
Deferred tax for the financial year	1,141	44
Total taxes	**1,237**	**460**

CONTINGENT LIABILITIES
Ctac N.V. and the Dutch group companies, except Purple Square Management Partners B.V., are a fiscal entity for revenue tax purposes. Ctac N.V. and the Dutch group companies, except Ctac Resourcing B.V. and Purple Square Management Partners B.V., are a fiscal entity for corporation tax purposes. As a consequence, the companies involved are jointly and severally liable for the obligations of the fiscal entity. Payments are settled with group companies through the current account.

's-Hertogenbosch, 23 March 2021

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

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

Other information

Provision in the articles of association regarding profit appropriation
According to article 30 of the articles of association, a dividend is paid out on the priority share that equals 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 distribution proposal
An optional dividend is applicable for the financial year 2020. Shareholders who do not indicate their preference will automatically be awarded a dividend in the form of shares. It will be proposed to the General Meeting of Shareholders that, in the latter case, a dividend of EUR 0.08 per share be distributed in the form of ordinary shares in the company and that this be charged to the tax-exempt share premium reserve or the other reserves. The proposal shall also include giving power of attorney to the Board of Directors to issue the ordinary shares that are needed in order to distribute the dividend in the form of shares.

Subsidiaries and branch offices
For subsidiaries and branch offices, please refer to the overview of participating interests on pages 51 and 52 of the annual report.

Protective measures
Ctac can make use of the following protective measures:
- the priority share, held by the Ctac Priority Foundation (Stichting Prioriteit Ctac);
- the option to place preference shares with the Ctac Continuity Foundation (Stichting Continuïteit Ctac);
- the possibility to provide financial support to the Ctac Continuity Foundation through the Support Ctac Foundation (Stichting Support Ctac);
- the issue of depository receipts for shares.

The following applies to implementing these measures.

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

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

The board members of the Ctac Priority Foundation in 2020 were:
1. Mr E. Kraaijenzank (Chairman);
2. Mr H.L.J. Hilgerdenaar;
3. Mr H.P.M. Jägers.

Mr Jägers is a business professional with extensive experience in both large and small companies. He has financial, economic and operational experience. Mr Jägers is an emeritus professor at the Faculty of Economics and Business of the University of Amsterdam and is, among other things, the Chairman of the Supervisory Board of Stichting Erfgoed and the Chairman of Koepel Zorgcoöperaties Zuid-Nederland.

Ctac Continuity Foundation
The objective of the Ctac Continuity Foundation (Stichting Continuïteit Ctac) is to promote the interests of Ctac, the companies affiliated with Ctac and its group companies, and all parties involved, in such a manner that these interests are safeguarded to the greatest possible extent and that any influences that might harm the independence and/or the continuity and/or the identity of the company, the group companies and the companies in violation of those interests are excluded as much as possible, as well as to do anything that is related to or may be conducive to the above. The Ctac Continuity Foundation seeks to achieve its objective by acquiring and holding shares - in particular preference shares - in the company's capital and by exercising the rights attached to these shares, including, in particular, the voting rights connected to these shares. On 26 March 2013, the Ctac Priority Foundation and Ctac N.V. granted the Ctac Continuity Foundation an option right pursuant to which the Ctac Continuity Foundation can acquire preference shares in Ctac N.V. equal to 100% of the total nominal amount of the issued ordinary shares and the issued priority share in the capital of the company, provided that certain conditions are fulfilled and without the cooperation of the General Meeting of Shareholders of the company. Preference shares can be issued against partial payment, on the understanding that the part of the nominal amount to be paid mandatorily must be the same for each preference share and that when preference shares are subscribed to, at least one quarter (25%) of the nominal amount must have been paid. The Ctac Continuity Foundation is authorised to sell, pledge - providing that the voting right attached to the shares in question is not transferred to the pledgee - or otherwise encumber the shares it has acquired with the proviso that the Foundation requires the approval of the Supervisory Board to sell the shares. Prior to 26 March 2013, there was an option right that equalled 50% of Ctac N.V.'s issued share capital at the moment when the option was exercised. The increase to 100% was deemed necessary to offer the Ctac Continuity Foundation sufficient opportunities to counter any hostile takeover attempts.

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

The board members of the Ctac Continuity Foundation in 2020 were:
1. Mr P.J.M. van den Brink (board member since 31 March 2017 and Chair since 1 January 2020);
2. Mr A.J.B.W. Dingen (board member since 11 December 2019);
3. Ms A. Haan (board member since 11 December 2019).

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

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

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

Ctac Support Foundation
The Ctac Support Foundation (Stichting Support Ctac) was established on 10 February 2020. The objective of the Ctac Support Foundation is to promote the interests of Ctac, the companies affiliated with Ctac and its group companies and all parties involved, in such a manner that these interests are safeguarded to the greatest possible extent and that any influences that might 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, by providing loans to the Ctac Continuity Foundation, as well as by borrowing money, standing surety, and entering into agreements in connection with these activities.

The board of the Ctac Support Foundation consists of three directors, two of whom are A directors and the other one who is a B director. The two A directors are appointed by the Ctac Continuity Foundation from among its directors. The B director is appointed by the company. The Ctac Support Foundation is independent of Ctac. The Ctac Support Foundation can only be represented by two board members acting jointly.

In 2020 the board members of the Ctac Support Foundation were:

1. Mr A.J.B.W. Dingen (board member since 10 February 2020 and Chair since that date);
2. Mr P.J.M. van den Brink (board member since 10 February 2020);
3. Mr H.J.G. Hendriks (board member since 10 February 2020).

The positions that Mr H.J.G. Hendriks has held in his 39-year career with Philips include those of CEO of Philips Benelux, chairman of the Philips Pension Fund, vice-chairman of Brainport, and member of the general and executive board of VNO-NCW. He currently holds a number of supervisory positions, including those of chairman of the Supervisory Board of the CZ health insurance provider and chairman of the Supervisory Board of Het Noordbrabants Museum.

Right of investigation

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

Issue of depository receipts for shares

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

Ctac Continuity Foundation Declaration of Independence

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

Independent auditor's report

To: the General Meeting and the Supervisory Board of Ctac N.V.

REPORT ON THE FINANCIAL STATEMENTS 2020

Our opinion
In our opinion:
- the consolidated financial statements of Ctac N.V. and its subsidiaries ('the group') give a true and fair view of the financial position of the group as at 31 December 2020 and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and in accordance with Title 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Ctac N.V. ('the company') give a true and fair view of the financial position of the company as at 31 December 2020 and of the result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited
We have audited the accompanying financial statements 2020 of Ctac N.V. of 's-Hertogenbosch, the Netherlands. These financial statements consist of the consolidated financial statements of the group and the company financial statements.

The consolidated financial statements comprise:
- the consolidated statement of balance sheet as at 31 December 2020;
- the following statements for 2020: the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:
- the company balance sheet as at 31 December 2020;
- the company profit and loss account for 2020; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the consolidated financial statements is EU-IFRS and the relevant provisions in Title 9 of Book 2 of the Dutch Civil Code, and the financial reporting framework applied in the preparation of the company financial statements is Title 9 of Book 2 of the Dutch Civil Code.

Basis for 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 section 'Our responsibilities for the audit of the financial statements'.

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

Independence
We are independent of Ctac N.V. in accordance with the European Union regulation on specific requirements regarding statutory audit of financial statements of public-interest entities, de Wet toezicht accountantsorganisaties (Wta) [the Dutch audit firms supervision act], the '*Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten*' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other rules on independence relevant to the engagement in the Netherlands. Furthermore we have complied with the *Verordening gedrags- en beroepsregels accountants* (VGBA) [Code of ethics for professional accountants. Regulation with respect to rules of professional conduct].

Our audit approach
Overview and context
Ctac N.V. ('Ctac') is an organisation that provides IT and business consulting services to customers. Because the group comprises various group entities, we considered the scope and approach of the group audit as set out in the section 'The scope of our group audit'. In particular, we paid specific attention to the areas of focus driven by the operations of the group.

The main focus in the financial year 2020 was on implementing Ctac's refined strategy and on restructuring its organisation into integrated, market and/or knowledge-oriented business units. Special attention was also paid to the management of operations and Ctac's financial position under changed economic circumstances as a consequence of Covid-19. This affected the determination of materiality and the scope of the group audit, as described in the sections 'Materiality' and 'The scope of our group audit' and 'Key audit matters'.

As part of the design of our audit approach, we determined the materiality and assessed the risk of material misstatements in the financial statements. We specifically addressed those areas in which the Board of Directors had made important judgements, such as those in which assumptions about future events were made which were inherently uncertain. The company has set out estimated items and the key sources of estimation uncertainty in section 'Key estimates and assumptions' of the financial statements. Of these estimates and sources of estimation uncertainty, we identified the initial recognition and valuation of the customer and contract portfolio acquired from Purple Square Management Partners B.V. ('Purple Square') and the valuation of intangible fixed assets Fit4Woco and Fit4RealEstate ('Fit4') as key audit matters as set out in the section 'Key audit matters'. Due to the complexity and diversity of contracts with customers, we subsequently identified the recognition of revenue related to the intangible fixed assets developed in-house as a key audit matter on the basis of IFRS 15.

Other areas of interest in our audit, which have not been identified as key audit matters, were the automated control environment, the recognition of and notes pertaining to the discontinued operations of Ctac France SAS and the capitalisation of development costs.

We investigated the impact of the global Covid-19 pandemic on our audit approach, including our scope, materiality and risk assessment. The global Covid-19 pandemic and the accompanying restrictive measures imposed by government had a limited effect on Ctac's activities. We also assessed the inherent risk of fraud when working remotely. We took account of the impact of travel and other restrictions on our audit team when conducting our audit. Our team worked remotely, supported by video conferences and PwC's digital tools. While adhering to the health regulations applicable in the Netherlands, we also met in person during this first-year audit and visited Ctac's offices to understand the company and its environment.

We ensured that our audit team had sufficient specialist knowledge and expertise to conduct an audit of a business consulting organisation and IT provider, as well as the transactions which took place in 2020. We therefore included experts and specialists in the fields of IT, valuation, share-based payments and taxation in our team. In addition, we assessed the fraud risk factors in conjunction with our forensic specialists.

The key features of our audit approach were:

Materiality
- Materiality: € 875,000

Audit scope
- We conducted the entire audit at the head office of Ctac in the Netherlands.
- We focused particular attention on auditing the significant group entities in the Netherlands and Belgium, as well as on the acquisition of the controlling interest in Purple Square.
- Audit coverage: 100% of the consolidated revenue, 96% of the consolidated balance sheet total and 78% of the consolidated result before taxation.

Key audit matters
- Initial valuation of acquisition of Purple Square
- Valuation of intangible fixed assets Fit4Woco and Fit4RealEstate
- Revenue recognition of XV Retail and Fit4 contracts in line with IFRS15

Rationale for the first-year audit
After being appointed as the company auditor, we developed and implemented an extensive transition plan. Part of this plan involved gathering knowledge and understanding of the group's strategy, its operations, the internal control environment and the IT environment.

We examined how the financial statements and the internal control framework of the company and the group were influenced by these aspects. Furthermore, we read last year's financial statements and conducted a review of the previous auditor's audit files and discussed our findings. This work gave us sufficient appropriate audit information about the opening balances. We also conducted our risk analysis, determined our audit strategy and drew up our audit plan. We discussed our audit plan with the Board of Directors and the Supervisory Board.

Materiality
The audit scope was influenced by the application of materiality. The term 'material' is explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement, we determined quantitative thresholds for materiality including the overall materiality for the financial statements as a whole, as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate on the financial statements as a whole.

Materiality for the group	€ 875,000
Basis for determining materiality	We determine materiality on the basis of our professional judgement. We used 1% of revenue from contracts with customers as the basis for our judgement.
Rationale for benchmark applied	We used revenue from contracts with customers as the primary, generally accepted benchmark on the basis of our analysis of the common information needs of users of the financial statements. The result from ordinary activities before tax is relatively volatile and the revenue from contracts with customers represents the development of Ctac's operations. On this basis, we believe that revenue from contracts with customers is a significant key figure for the company's financial performance.
Materiality for group entities	Each group entity within the scope of our audit was allocated lower materiality than the materiality for the group on the basis of our judgement. The materiality we allocated to the group entities was between €640,000 and € 870,000.

We also took into account misstatements and/or possible misstatements that in our judgement are material for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 43,750 identified during the audit would be reported to them, as well as smaller misstatements that, in our view, must be reported on qualitative grounds.

The scope of our group audit
Ctac N.V. is the parent company of a group of entities. This group's financial information is included in the consolidated financial statements of Ctac N.V.

We tailored the scope of our audit such that we in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements in their entirety. In doing so, we considered the management structure of the group, the nature of the group entities' activities, business processes and internal control measures and the markets in which the company operates. On this basis, we determined the nature and extent of the work at the level of the group entities which were necessary for the audit team to conduct its audit.

The group audit mainly focused on the significant group entities in the Netherlands (comprising: Ctac N.V., Ctac Nederland B.V., Ctac B.V. and Ctac Resourcing B.V.) and in Belgium (Ctac België N.V.).

Audits of the financial information as a whole were conducted at the group entities in the Netherlands and Belgium because, individually, these group entities are financially significant to the group. A specific audit was conducted on significant or higher risks which had been identified at one group entity. Additionally, one group entity was included within the scope of the group audit to obtain sufficient coverage for auditing individual financial line items in the consolidated financial statements.

By conducting this work, we obtained the following coverage for the financial line items in the financial statements listed below:

Revenue from contracts with customers	100%
Balance sheet total	96%
Result from ordinary activities before tax	78%

The group entity not covered by the scope of the audit represents no more than 1% of the consolidated revenue or 4% of the consolidated balance sheet total. Among other things, we conducted analytical procedures of this group entity's financial information at group level to corroborate our assessment that these entities contained no significant risks of material misstatements. All audit procedures for the group entities were conducted by our audit team.

By conducting the procedures above at group entities, we were able to obtain sufficient and appropriate audit evidence with regard to the group's financial information as a basis for our opinion on the financial statements.

Our focus on the risk of fraud and non-compliance with laws and regulations
Our objectives
The objectives of our audit were:
With respect to fraud:
- to identify and assess the risks of a material misstatement due to fraud;
- to obtain sufficient and appropriate audit evidence for the assessed risks of a material misstatement due to fraud by designing and implementing appropriate audit responses; and
- to appropriately act upon fraud or suspected fraud identified during the audit.

With respect to compliance with laws and regulations:
- to identify and assess the risks of a material misstatement due to non-compliance with laws and regulations; and
- to obtain a reasonable assurance that the financial statements as a whole are free of material misstatements due to fraud or error, taking account of the applicable legal and regulatory framework.

The Board of Directors, under the supervision of the Supervisory Board, has primary responsibility for preventing and detecting fraud or non-compliance with laws and regulations.

Our risk assessment
As part of our process to identify the risk of fraud, we assessed the fraud risk factors relating to fraudulent financial reporting, the misappropriation of assets, bribery and corruption. In conjunction with our forensic specialists, we assessed these fraud risk factors to consider whether these factors indicate the risk of a material misstatement due to fraud.

We furthermore conducted audit procedures to obtain an understanding of about the legal and regulatory framework which applies to the group. In so doing, we identified legal and regulatory provisions which are usually considered to have a direct material effect on the determination of material amounts and disclosures included in the financial statements, such as laws and regulations pertaining to taxation and pensions.

All our audits focus on the risk of management override of internal controls, including by assessing risks of possible misstatements due to fraud, on the basis of an analysis of management bias. Please refer to the key audit matters: 'Initial valuation of the acquisition of Purple Square' and 'Valuation of intangible fixed assets Fit4Woco and Fit4RealEstate', which are examples of the focus of our audit approach on entities where a greater risk has been identified due to accounting estimates where management makes significant judgements.

Our response to the risks identified
The following audit procedures were conducted in response to identified risks:
- We tested the design, implementation and, where applicable, operating effectiveness of the internal controls which mitigate the risk of fraud.
- We performed data analysis on higher risk journal entries and assessed the key estimates and judgements for bias to uncover possible tendencies by Ctac, including retrospective assessments with respect to significant estimates in the previous financial year. Where we identified examples of unexpected journal entries or other risks, we conducted additional audit procedures to address each risk. These procedures also included verifying transactions by means of source documents.
- We checked whether matters had been reported by means of the whistle-blower and complaints procedures.
- We conducted various substantive testing procedures with respect to the risk of fraud in revenue recognition. Part of these procedures included retrieving external balance confirmations from debtors as at 31 December 2020 and, where balances were unconfirmed, establishing payments in 2021 from outstanding debtors as at 31 December 2020.
- With regard to misappropriation of assets, we performed a data analysis on outgoing payments in 2020 on the basis of risk assessment. To perform spot checks on payments, we cross-checked them with source documents, such as invoices.
- We incorporated elements of unpredictability in our audit.
- We considered the outcome of our other audit procedures and assessed whether any misstatements were indicative of fraud. If so, we reassessed our analysis of fraud risk and its resulting impact on our audit procedures.
- We obtained audit information on compliance with legal and regulatory provisions which are usually considered to have a direct material effect on the determination of material amounts and disclosures included in the financial statements. As regards other laws and regulations which have no direct effect on the determination of the amounts and disclosures in the financial statements, we asked the Board of Directors and the Supervisory Board whether the entity complies with such laws and regulations. Furthermore, we inspected correspondence with relevant licensing, regulatory or supervisory authorities.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. Key audit matters are not a comprehensive reflection of all the risks and matters we identified and discussed in our audit. This section contains a description of key matters and a summary of the audit procedures conducted on those matters.

These key audit matters were addressed in the context of our audit of the financial statements as a whole. Our findings and observations with regard to individual key matters should be viewed in that context and not as separate judgements on these key matters or on specific elements of the financial statements.

KEY AUDIT MATTERS	OUR AUDIT RESPONSE AND OBSERVATIONS
Initial valuation of acquisition of Purple Square *See section 'Key estimates and assumptions' and notes 1.4 Intangible fixed assets and 21. Acquisitions and divestments* Ctac recognised an investment of € 3.7 million in intangible fixed assets in 2020, related to the acquisition of the majority interest in Purple Square acquired in 2020. This investment mainly relates to the initial recognition of the acquired customer and contract portfolios amounting to € 3.3 million. At initial recognition, Ctac valuated the acquired customer and contract portfolios at cost, being the fair value at the time of acquisition. Ctac determined the fair value of the customer and contract portfolios by estimating the present value of the expected cash flows. As the basis for this, Ctac used Purple Square's budgeted results for 2020, a growth ratio for revenue and margin, relative movements in Purple Square's customers and a discount rate. Ctac used a valuation expert to determine the fair value of the customer and contract portfolio. The initial valuation is complex and is subject to Ctac's estimates, which are inherently uncertain. As the acquired customer and contract portfolios are a material balance in the financial statements, any change in the estimates and assumptions used could have a significant effect on Ctac's financial statements. We have therefore identified this as a key audit matter. We focused specifically on the assumptions and estimates made in relation to the revenue growth ratio, margin trend and the discount rate.	Talks with the Board of Directors and the Supervisory Board and our examination of the underlying contracts provided us with information on the acquisition of shares in Purple Square. Besides that, we assessed the design and existence of the process for determining the initial valuation of the assets and liabilities acquired. We invited valuation experts to join our team to assist us in assessing the measurement model, the assumptions and the estimates Ctac used. We assessed the objectiveness, independence and expertise of the experts brought in by management. The discount rate and the reasonableness of the range used were assessed by comparing the discount rate with other companies. As regards the revenue growth ratio and margin trend, we conducted a retrospective analysis on the results for 2020 by comparing them with actual results. We also performed recalculations to check that the growth ratio used by Ctac for revenue and margin trend was in line with Purple Square's past results. We conducted sensitivity analyses of the main assumptions to assess the extent to which a change to an assumption would lead to a change in the measurement. We checked the adequacy of the notes with regard to the estimates and assumptions, the acquisition of Purple Square, and recognition of the initial valuation of the customer and contract portfolios. We have no material findings to report.

KEY AUDIT MATTERS	OUR AUDIT RESPONSE AND OBSERVATIONS
Valuation of intangible fixed assets Fit4Woco and Fit4RealEstate *See the section 'Key estimates and assumptions' and note 1.4 Intangible fixed assets* Fit4Woco and Fit4RealEstate ('Fit4') is a SaaS solution for housing corporations and commercial real estate managers. As at 31 December 2020, Ctac recognised intangible fixed assets worth € 1.4 million, related to capitalised development costs for Fit4. Ctac has reported a delay in the commercial roll-out of this product for housing corporations (Fit4Woco) and the commercial real estate market (Fit4RealEstate) due to Covid-19. This is a key audit matter in light of the capitalised development costs as at 31 December 2020, the delays in the market for the sale of these SaaS products and the subjectivity in the analysis of an impairment trigger. An assessment of possible impairment trigger led Ctac to conclude that, although the market for Fit4 is experiencing a delay, no modification was required to the expected future cash flow and business plan for Fit4 and therefore there was no impairment trigger. Ctac concluded that no impairment trigger was identified for Fit4, however due to the experienced difficulties to start-up and successfully close commercial projects has recorded a one-off impairment of €0.2 million.	We have assessed the design and existence of the process for assessing an impairment trigger. Part of our risk analysis involved conducting a retrospective analysis to verify the extent to which the Board of Directors' estimates of results for Fit4 for 2020 – made as at 31 December 2019 – have been realised. Our knowledge of the business plan for the Fit4 products was obtained by reading the minutes of board meetings and looking at the budgets approved by the Board of Directors and the Supervisory Board for the years 2020 and 2021. We also checked the reasonableness of scenario analyses Ctac had drawn up for contracts and cash flow expected in the future by comparing them with historical results. In addition to this, we discussed the scenarios in detail with the Board of Directors and with the managers responsible for the proposition and sale of Fit4. We have no material inconsistencies to report. We involved valuation experts in our audit to assist us in evaluating Ctac's assessment of an impairment trigger for Fit4. Our work has led us to agree with Ctac's conclusion that there was no indication of impairment. We took note of Ctac's decision to recognise a downward revaluation of € 0.2 million in the financial statements, despite there being no indication of impairment. The audit difference our audit found was not material. We checked the adequacy of the notes regarding estimates and assumptions, as well as those regarding intangible fixed assets.

KEY AUDIT MATTERS	OUR AUDIT RESPONSE AND OBSERVATIONS
Revenue recognition of XV Retail and Fit4 contracts in line with IFRS15 *Please see 'Main accounting principles for the financial statements', section 'Revenue from contracts with customers', and note 13 'Revenue from contracts with customers'.* As explained in the main accounting principles for the financial statements, in the section 'Revenue from contracts with customers', Ctac delivers various types of services to its customers, for which individual contractual agreements are made. Ctac recognises revenue for individual performance obligations up to the amount expected to be received for the individual performance obligation, taking account of – where applicable –variable payments, significant financing elements, non-cash compensation and payments made by Ctac's customers. Given the diversity in types of service provision and contracts at Ctac, the identification of individual performance obligations is complex. We specifically focused on revenue from contracts with customers related to Ctac's in-house developed intangible fixed assets Fit4 and XV Retail, due to the variation in services agreed with customers and the contract terms agreed with customers, that can either lead to various performance obligations that are embedded in one contract, or in performance obligations over several contracts that are not distinct and need to be combined for purpose of revenue recognition. Given the inherent risk of errors and the significance of revenue recognition, we identified revenue recognition from contracts with customers related to Ctac's internally developed intangible fixed assets Fit4 and XV Retail as a key audit matter. Ctac has set up a process pertaining to recognition of revenue from contracts with customers in which it analyses which performance obligations should be recognised individually or in combination.	We assessed the design and existence of the process pertaining to the recognition of revenue, including the procedures pertaining to identification of performance obligations. While planning our audit, we obtained an understanding of Ctac's significant contracts of sale with customers. We conducted a risk-based analytical procedure to identify possible tendencies or risks of errors. Guided by IFRS15, our audit included verifying the accounting policies for each type of revenue and contract as set out in Ctac's financial statements and comparing them with our understanding of revenue streams and types of contract. Given that there is no homogeneous population of revenue transactions, we arranged our audit of revenue recognition according to the various revenue streams, as presented by Ctac in note 13 'Revenue from contracts with customers'. We made a distinction in our audit approach between revenue recognised 'at a point in time' and 'over time'. By performing spot checks on revenue related to the intangible fixed assets Fit4 and XV Retail developed in-house, we verified whether Ctac had appropriately identified performance obligations and /or combined them if they were not individual performance obligations. To do so, we examined Ctac's analysis of the contract, including the provision on performance obligations, and cross-checked them with the agreements in the contract of sale and, if applicable, relevant correspondence between Ctac and its customers. We assessed the identification of the performance obligations in accordance with the provisions of IFRS15. By making connections with primary records of hours worked, licences and/or leased capacity, we verified whether the performance obligation was met in 2020. We checked the adequacy of the notes with regard to the policies for revenue recognition used by Ctac for each type of service provision, as well as the notes on revenue from contracts with customers. We have no material findings to report on the basis of our audit.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon the annual report contains other information consisting of:
- Foreword;
- Ctac in figures;
- Profile;
- Board of Directors;
- Supervisory Board;
- Report of the Board of Directors;
- Compliance with the Dutch Corporate Governance Code;
- Report of the Supervisory Board;
- Remuneration Report;
- Other information
- Historical summary;
- Appendix 1;
- Index of terminology;
- Colophon.

Based on the procedures below, we conclude that the other information:
- is consistent with the financial statements and contains no material misstatements;
- includes all information as required by Part 9 of Book 2 of the Dutch Civil Code and Sections 135b and 145(2) of Book 2 of the Dutch Civil Code.

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

Our audit meets the requirements of Part 9 of Book 2 of the Dutch Civil Code, Section 135b(7) of Book 2 of the Dutch Civil Code and the Dutch Auditing Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for preparing the other information, including the Report of the Board of Directors and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code and the Remuneration Report in accordance with Sections 135b and 145(2) of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment
The Supervisory Board appointed us as external auditor of Ctac N.V on 1 July 2020 following a resolution passed by the General Meeting of Shareholders on 1 July 2020. We have now been the company's auditor for a year.

No prohibited services
To the best of our knowledge, we have provided no prohibited services as referred to in Article 5.1 of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services provided
In addition to the audit of the financial statements, the services we provided to the company and its subsidiaries in the period to which our statutory audit relates are disclosed in note 15 of the notes to the financial statements.

Responsibilities in connection with the financial statements and the audit

Responsibilities of the Board of Directors and the Supervisory Board for the financial statements
The Board of Directors is responsible for:
- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern. On the basis of the aforementioned financial reporting frameworks, the Board of Directors is required to prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose any events and circumstances that may cast significant doubt on the company's ability to continue operations in the financial statements.

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

Our responsibilities for the audit of the financial statements
Our responsibility is to plan and perform an audit such that we obtain sufficient and appropriate audit evidence to provide a basis for our opinion.

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements.

Misstatements can arise due to fraud or error 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 impact of misstatements identified on our opinion.

A more detailed description of our responsibilities is set out in the annex to our audit report.

Eindhoven, 24 March 2021
PricewaterhouseCoopers Accountants N.V.

Appendix to our auditor's report on the 2020 financial statements of Ctac N.V.

In addition to what is stated in our auditor's report, we have set out our responsibilities for auditing the financial statements in greater detail in this annex and explained what an audit involves.

The responsibilities of the auditor for the audit of the financial statements
We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch auditing standards, ethical requirements and the independence requirements. Our audit included:

- Identifying and assessing the risks that the financial statements contain material misstatement due to error or fraud, designing and performing audit work in response to these risks and obtaining audit information that is sufficient and appropriate as a basis for our opinion. The risk that a material misstatement is not detected is greater for fraud than for errors. Fraud may involve collusion, forgery, the intentional omission to record transactions, deliberate misrepresentation of affairs or intentional override of internal control.
- Obtaining an understanding of the internal control relevant to the audit with the aim of designing 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 the Board of Directors in the financial statements.
- Concluding that the Board of Director's use of the going concern basis of accounting is appropriate, based on the audit evidence obtained, whether there are events and circumstances which give rise to reasonable doubt that the company can continue its operations as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to the related disclosures in the financial statements in our auditor's report. If such disclosures are inadequate, we are obliged to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances may cause the company to cease to continue as a going concern.
- To assess the presentation, structure and content of the financial statements and their notes, and assess whether the financial statements give a true and fair view of the underlying transactions and events.

Because we are ultimately responsible for our opinion, we are also responsible for directing, supervising and performing the group audit. In this context, we have determined the nature and extent of the work to be carried out for the group entities to ensure that we perform sufficient audit work to be able to give an opinion on the financial statements as a whole. The geographical structure of the group, the size and/or the risk profile of the group entities or the activities, business processes and internal controls and the industry in which the company operates are determining factors.

On this basis, we selected the group divisions in which an audit or review of the financial information or specific items was necessary.

We communicate with the Supervisory Board regarding such matters as 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 that context, we also provide a report to the audit committee based on Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information provided in that additional report is consistent with our audit opinion in this auditor's report.

We confirm to the Supervisory Board that we have observed the relevant ethical requirements regarding independence. We also communicate with the Supervisory Board on all relationships and other matters that could reasonably influence our independence and on associated measures taken to remove identified threats and to safeguard our independence.

We determine the key audit matters of the financial statements from all the matters we have discussed with the Supervisory Board. We describe these matters in our auditor's report, unless laws or regulations preclude public disclosure or when, in extremely rare circumstances, non-disclosure would be in the public interest.

Historical Summary

Results (x € 1,000)	2020	2019	2018
Revenue from contracts with clients	87,307	81,782	82,998
Operating result	4,661	2,061	2,412
Net result	3,032	1,262	1,715
Depreciation and amortisation	5,566	5,464	990
Net cash flow	9,088	1,741	1,882
Equity (x € 1,000)			
Intangible fixed assets	24,052	17,563	17,569
Rights of use assets	10,607	6,232	-
Tangible fixed assets	921	1,275	1,374
Financial fixed assets	1,567	1,387	1,304
Current assets	27,373	18,913	20,166
Short-term liabilities	28,391	22,212	20,923
Shareholders' equity	22,489	19,457	19,096
Total assets	64,520	45,370	40,413
Employees			
Number of employees at year-end	407	397	424
Average number of employees (FTE)	382	379	418
Average number of direct employees (FTE)	287	279	315
Revenue per employee (per FTE x € 1,000)	229	216	198
Revenue per direct employee (per FTE x € 1,000)	304	293	263
Net result per employee (per FTE x € 1,000)	8.0	3.0	4.1
Ratios			
Operating result / revenue from contracts with clients	5.3%	2.5%	2.9%
Net result / revenue from contracts with clients	3.5%	1.5%	2.1%
Net result / average shareholders' equity	14.5%	6.5%	9.3%
Current assets / short-term liabilities	0.96	0.85	0.96
Shareholders' equity / total assets	34.9%	42.9%	47.3%
Per share € 0.24 nominal			
Number of weighted average shares outstanding	13,243,302	12,879,601	12,756,604
(Proposed) dividend	0.08	0.08	0.08
Net result (attributable to shareholders Ctac N.V.)	0.23	0.10	0.13
Net cash flow	0.69	0.14	0.15

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

Appendix 1

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

Ctac N.V. is listed on Euronext Amsterdam (ticker: CTAC). At year-end 2020, the authorised share capital amounted to € 7,200,000 and was divided into 30,000,000 shares of € 0.24 as follows: 14,999,999 ordinary shares, 15,000,000 preference shares and 1 priority share. The issued share capital consists of 13,555,203 ordinary shares and 1 priority share. All issued shares are fully paid up. The decision to pay a stock dividend led to 623,802 new shares being issued in 2020 (2019: 124,319 new shares).

Information about provisions in the articles of association regarding profit appropriation and about any special controlling rights of Ctac N.V. is included under 'Other information' in this annual report on pages 102 to 104.

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

One vote can be cast per ordinary share. No special controlling rights are attached to ordinary shares.

Special controlling rights are attached to the priority share held by the Ctac Priority Foundation. These rights concern the appointment, suspension and dismissal of the members of the Board of Directors, the issue of shares, pre-emptive rights, amendment of the articles of association, and dissolution of the company. No changes have taken place with regard to the priority share.

Ctac N.V. has not imposed any restrictions on transferring its shares. There are no restrictions on the exercise of voting rights attached to shares.

Dutch Financial Supervision Act

As at 31 December 2020, the following parties had an interest of 3% or more in Ctac N.V., according to the 'Substantial holdings' register of the Dutch Authority for the Financial Markets (AFM):

Date of disclosure	Disclosing Party	Interest
08 July 2015	Decico B.V.	5.06%
01 March 2016	Alpha Holding B.V., Elpico B.V., Invenet B.V.	4.99%
14 March 2016	HECO S.A.	5.08%
01 September 2017	D. Lindenbergh	10.00%
19 November 2020	J.P. Visser	19.16%
08 December 2020	Value8 N.V.	15.71%

Ctac N.V. is not aware of any agreements with a shareholder which might give cause to a restriction of the transfer of shares or a restriction of the voting right.

Ctac N.V. does not have an employee participation plan or an employee share option plan. Detailed information about Ctac's Insider Regulations can be found on Ctac's website under Investor Relations, Corporate Governance. The Insider Regulations are intended to prevent insider trading in securities by Ctac employees. The Insider Regulations are intended to limit the risk that the reputation and business integrity of the company may be harmed as a consequence of such trading.

Ctac N.V. is not a party to any significant agreements that are concluded, changed or dissolved under the condition of a change of control over the company after a public offer has been made in the sense of Section 5:70 of the Dutch Financial Supervision Act.

Ctac N.V. has not concluded any agreements with a director or employee that provide for a payment upon termination of the employment contract in connection with a public offer within the meaning of Section 5:70 of the Dutch Financial Supervision Act.

Index of terminology

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

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

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

Azure - Microsoft's cloud platform that provides a wide range of IT components, such as cloud hosting, security, apps, etc.

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

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

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

BW4HANA - SAP's Business Warehouse application for use with SAP HANA in-memory database technology.

CISO *(Chief Information Security Officer)* **-** A CISO is responsible for the information security policy. This concerns both implementing policy and supervising compliance with it.

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.

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

DAM *(Digital Asset Management)* **-** Creating and managing digital content such as images and documents, related to brands and products/services.

DPO *(Data Protection Officer)* **-** A DPO is a member of a company/organisation who is responsible for compliance with the regulations arising from the GDPR. Since the GDPR came into effect on 25 May 2018, certain organisations have been required to appoint a Data Protection Officer.

Discharge - Dismissal, release.

Enterprise architecture - Information provision linked to business processes.

Enterprise resource planning - See ERP system.

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

Field Service Management - Field service software.

Fit4RealEstate - SaaS solution for managers of commercial Real Estate.

Fit4Woco - SaaS solutions for processes of housing associations.

Gartner Magic Quadrant 2020 - Gartner, a global information technology research and consulting firm, publishes annual summaries of leading companies and their solutions for individual domains.

GDPR *(General Data Protection Regulation)* **-** The GDPR took effect on 25 May 2018, which means that the same privacy legislation is applicable throughout the European Union (EU).

GRC *(Governance, Risk & Compliance)* **-** Effectively and efficiently achieving goals against the background of risks and uncertainties.

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.

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

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

ITIL Framework *(Information Technology Infrastructure Library)* **-** A best practices-driven reference framework for establishing the management processes in an ICT organisation.

Low-code - Low-code is a new form of developing business applications. Such platforms feature standard building blocks, and applications are often configured instead of programmed.

Machine Learning - Software which can adapt itself to circumstances.

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

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

Mode-2 organisations - Organisations which continually renew their business and the related IT. They do so by having their business and IT, including IT partners, work together seamlessly.

NOW scheme *(Noodmaatregel Overbrugging Werkgelegenheid)* **-** The Dutch NOW scheme is intended for employers who have suffered a substantial loss in revenues (at least 20%) due to the coronavirus. They can file an application with the Dutch employee insurance agency UWV for wage cost compensation and receive an advance payment for this.

OCL *(Omni-Customer Loyalty)* **-** See also XV Loyalty platform.

Ometa framework - A framework based on workflows and document management often applied in SAP environments.

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.

Post-Merger Integration path (PMI) - PMI is a complicated process of combining and rearranging businesses in order to achieve potential efficiency improvements and synergies which tend to be the motivating factors leading to mergers and acquisitions. The PMI is a crucial aspect of mergers; it involves combining the original logistical-social-technical systems of the merging organisations into one new and combined system.

Predictive Analytics - Making predictions using data.

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

R/3 environment - A SAP ERP environment of the previous generation.

RPA (Robotic Process Automation) - Automated business processes.

S/4HANA - Industry specific integrated ERP system.

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

SAM *(Software Asset Management)* **-** Registering, administering and purchasing, as cost-efficiently as possible, licences.

SAP Analytics Cloud (SAC) - SAP's solution for business intelligence & analytics, focused on dashboarding and data visualisation.

SAP C/4HANA - Customer experience suite.

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.

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.

State-of-the-art technology - Platforms, software and other IT components according to the latest state of the art.

Tax Control Framework (TCF) - A set of processes and internal controls designed to ensure that a company's tax risks are known and controlled.

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

Unified commerce environment - An environment in which all sales channels of an organisation and those outside melt together, supported by central IT services.

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

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

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

XV Loyalty platform - Ctac's loyalty platform that facilitates savings schemes, gift cards and vouchers, regardless of the sales channel in which they are applied.

XV Point-of-Sale - Ctac's in-store solution for retail and wholesale provides for manned and unmanned points of sale.

Colophon

Published by

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

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

Design and realisation
De Merkenbouwers, 's-Hertogenbosch

Editor for Ctac
Josien Klein Overmeen

Printed by
Chris Russell, Groningen

CTAC

ENABLING YOUR AMBITION

CTAC N.V.
Meerendonkweg 11
5216 TZ 's-Hertogenbosch
PO Box 773
5201 AT 's-Hertogenbosch
The Netherlands

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

CTAC BELGIUM
Uilenbaan 82
2160 Wommelgem
Belgium

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

www.twitter.com/CtacNV
www.linkedin.com/company/Ctac
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