

PRESS RELEASE

Trading update Q3 2022 Ctac N.V.



About Ctac

As a Business & Cloud Integrator, Ctac helps its clients realise their ambitions. Ctac creates the required business value through constant innovation. Ctac offers a broad portfolio of solutions, including SAP and Microsoft 'on any cloud' solutions, and provides services in the fields of Modern Workplace, Integration, Transformation & Change management, Security & Trust and Business Transformation.

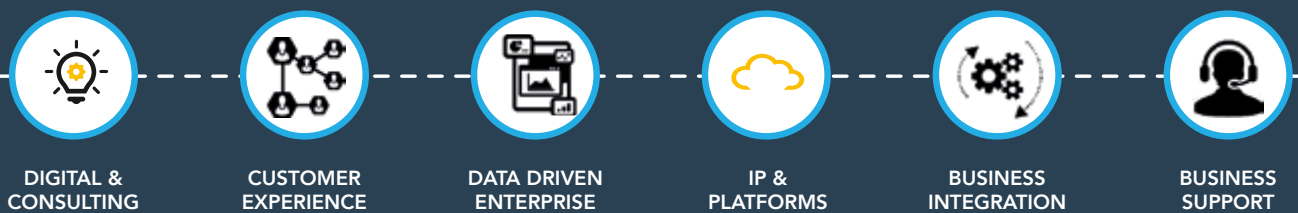
In addition, Ctac has a number of its own products, including the XV Retail Suite, which consists of an omnichannel-driven Point-of-Sale & Loyalty platform, and SaaS solutions for commercial real estate, Fit4RealEstate.

In 2022, Ctac had been in business for 30 years and over the years has built up extensive experience and material know-how in the retail, wholesale, manufacturing, real estate and professional services. In 2021, Ctac recorded revenue of € 106 million with on average 430 FTE and 161 professional hires.

Ctac has a balanced workforce in terms of age, expertise and experience. Ctac sees working together to realise common goals as a high priority. Ctac is listed on the Euronext Amsterdam stock exchange (ticker: CTAC) and has offices in 's-Hertogenbosch and in Wommelgem (Belgium).



PORTFOLIO PILLARS



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Pieter-Paul Saasen | CEO

Ctac records higher revenue and stable profit in first nine months

's-Hertogenbosch, 26 October 2022 – Business & Cloud Integrator Ctac N.V. (Ctac) (Euronext Amsterdam: CTAC) today publishes a trading update for the first nine months and the third quarter (Q3) of 2022.

Highlights first nine months of 2022

- Revenue rises by 12.5% to € 86.6 million, driven by strong organic growth and the Digimij and Technology2Enjoy acquisitions
- EBITDA stable at € 8.2 million; margin to 9.5%, due in part to investments in Ignite change programme and addition of new IT services
- Net result comes in 7.4% higher at € 2.9 million

Highlights third quarter of 2022

- Revenue up by 17.3% at € 29.2 million, largely driven by organic growth and strong contribution from Secondment and projects
- EBITDA and EBIT stable at € 2.5 million and € 1.2 million respectively

Key figures

€ mln (unless stated otherwise)

	2022 YTD	2021 YTD	Delta	2022 Q3	2021 Q3	Delta
Revenue (incl. other income)	86.6	77.0	12.5%	29.2	24.9	17.3%
EBITDA	8.2	8.2	0.0%	2.5	2.5	0.0%
EBIT	4.2	4.1	2.4%	1.2	1.2	0.0%
Net result	2.9	2.7	7.4%	0.8	0.8	0.0%

Pieter-Paul Saasen, Ctac Chief Executive Officer:



"The first nine months of 2022 saw strong revenue growth of 12.5% compared with 2021. The growth achieved in both the Netherlands and Belgium was largely organic and was complemented in the Netherlands by the solid contribution from a number of recent strategic acquisitions.

Organic growth was particularly strong in Secondment and projects, while we also saw growth in Cloud services. This involved both long-term implementations of new digital (cloud) platforms, including ERP, and the delivery of specific expertise in smaller DEVOPS projects and secondment assignments, which together ensure a more effective and more flexible deployment of our teams. We can also see this reflected in increasing staff utilisation rates. We are also helping more clients to translate their strategic ambitions into a digital roadmap.

The integration of Technology2Enjoy, acquired in June 2022, is on track. The exchange of expertise gave an immediate boost to our range of services, including the adoption of SAP Public Cloud and the expansion of our services to the Professional Services market. We have signed a number of new long-term agreements with local government institutions, such as municipalities, where we are making a difference based on this specific domain expertise combined with the breadth of our range of services.

The roll-out of the internal change programme Ignite, aimed at strengthening our position as a Business & Cloud integrator, is going according to plan. Following the introduction of a new customer service concept, we can now flesh out the design of the new organisational model that is even more client-centric. This model enables us to translate our primary activities, 'Think, Build, Run (& Optimise)', into strategic objectives for employees, clients and partners.

In the third quarter, we further developed our ESG policy. In the coming period, we will focus in particular on the further electrification of our vehicle fleet and strengthening diversity within our teams. We are doing the latter via the likes of our collaboration with the Refugee Talent Hub and the recently started Ctac Masterclass, which is entirely dedicated to our Unified Commerce activities. In the spring of 2023, we will start another new master class, aimed at young talent that wants to develop in the field of (public) cloud ERP solutions.

For us, the year 2022 is all about strengthening our organisation, enabling us to create the optimum conditions for continued growth in the future. The investments in our Ignite change programme, the strengthening of our range of IT services and the recruitment of new talent are having an impact. The associated investments and additional costs are still putting some pressure on our operating result, but we do expect the impact of this to diminish in the coming quarter.

Increased energy prices (data centre activities), higher costs for software licences and rising interest rates are increasing cost pressures, but we are able to absorb most of these costs by indexing our rates. Barring unforeseen circumstances, we maintain our outlook for the full year 2022 of single-digit organic revenue growth and an EBITDA margin of 10%-12%."

GROUP PERFORMANCE

Revenue

In the third quarter of 2022, revenue came in at € 29.2 million, a rise of 17.3%, with 13.3% of this growth organic and the remaining 4.0% driven by the acquisition of Digimij and Technology2Enjoy.

Revenue per service € mln (unless stated otherwise)	Q3 2022	Q3 2021	Delta
Secondment and projects	18.1	13.8	31.2%
Cloud services	10.6	10.4	1.9%
Licence and hardware sales	0.5	0.7	-28.6%
Total	29.2	24.9	17.3%

Revenue from **Secondment and projects** increased by 31.2%, driven by organic growth in secondment activities and the acquisition of Digimij and Technology2Enjoy. In **Cloud services**, the biggest driver of revenue growth was the fact that more clients migrated from private to public cloud environments. **Licence and hardware** sales revenue declined due to lower sales.

Cloud services and Secondment and projects include security services revenue of € 3.1 million and € 0.2 million in the first nine months of 2022, respectively (Q3 2022: € 1.0 million and € 0.1 million, respectively). Looking at the sector breakdown, we see revenue for the public sector increasing to € 4.2 million in the first nine months of 2022 (Q3 2022: € 2.1 million).

Staff FTE (unless stated otherwise)	Q3 2022	Q3 2021	Delta
Ultimo			
Direct	381	332	14.8%
Indirect	89	102	-12.7%
Total	470	434	8.3%
Average			
Direct	369	325	13.5%
Indirect	89	102	-12.7%
Total	458	427	7.3%
Professional temporary staff	180	138	30.4%

The number of direct FTEs had risen by 14.8% to 381 at end-September 2022, as a result of the acquisition of Digimij and Technology2Enjoy and our recruitment efforts. The average number of direct FTEs increased by 13.5%. The number of indirect FTEs had declined by 12.7% at end-September 2022. There was also an increase in the number of professional temporary staff (Direct), related to the growth in Secondment and projects.

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Revenue (excluding other income) per employee declined to € 157,000 (through Q3 2021: € 166,000). This was partly due to the investments via the Ignite change programme in talent, knowledge development and the training of young talents. The average age of new employees stands at 36 years in 2022, which is lowering the average age of our employees.

EBITDA and EBIT € mln (unless stated otherwise)	Q3 2022	Q3 2021	Delta
EBITDA	2.5	2.5	0.0%
<i>Margin</i>	<i>8.6%</i>	10.0%	-1.4%
Depreciation and amortisation	1.3	1.3	0.0%
EBIT	1.2	1.2	0.0%
<i>Margin</i>	<i>4.1%</i>	4.8%	-0.7%

EBITDA came in at € 2.5 million, the same as the EBITDA in the third-quarter of 2021, resulting in an EBITDA margin of 8.6%.

EBIT was € 1.2 million, also the same as in Q3 2021. The EBIT margin declined to 4.1% (Q3 2021: 4.8%), due to the relatively high number of holidays taken and investments in the Ignite change programme, as well as higher costs due to inflation.

FINANCIAL STRENGTH

€ mln (unless stated otherwise)	Q3 2022	Q3 2021	Delta
Operational cash flow	-0.1	2.7	-103.7%
Net cash (end Q3)	1.0	3.2	-68.8%
Headroom (end Q3)	10.5	13.5	-22.2%

Ctac's operational cash flow came in at a negative € 0.1 million in the first nine months of 2022 (2021: positive € 2.7 million). Revenue from major clients increased in the third quarter, leading to an above-average increase in our accounts receivable position at end-September 2022. This does not apply to the percentage of past due items. Current liabilities fell sharply, which resulted in a negative change in working capital.

In 2022, Ctac paid cash for the acquisition of Technology2Enjoy, 10% of Oliver's remaining equity interest, 20% of Purple Square's remaining equity interest and an earn-out payment to Digimij. At end-September 2022, net debt stood at € 1.3 million. The current credit facility stood at € 7.2 million at end-September 2022, resulting in headroom of € 10.5 million. The facility is committed until April 2024. In 2022, Ctac repaid € 0.7 million in loans. Ctac's liquidity and capital position are healthy and put the company in a good starting position for continued growth.



FINANCIAL CALENDAR

17 February 2023 : Publication 2022 annual results

13 April 2023 : General Meeting of Shareholders

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Disclaimer

This press release contains statements that provide forecasts of future results for Ctac N.V. and expresses certain intentions, objectives and ambitions on the basis of current insights. Such forecasts are, of course, not free of risks and, in view of the fact that there is no certainty about future circumstances, there is a certain degree of uncertainty. There is a multitude of factors that may underlie the fact that the actual results and forecasts may differ from those described in this document. Such factors may include: general economic and technical developments, scarcity in the labour market, the pace of internationalisation of the market for IT solutions and consulting activities as well as future acquisitions and/or divestments.