



**ENABLING YOUR AMBITION**



**CTAC**

Annual General Meeting of Shareholders  
13 April 2023



ANNUAL GENERAL MEETING OF SHAREHOLDERS – 13 APRIL 2023

# Report of the Board of Directors on the 2022 financial year



# Agenda

- Market update
- Technology overview
- Business update
- Financial highlights
- Forward looking statement

# Market update



Demand for business consultancy services continues to grow



Public Cloud continues to grow with high double-digit percentage



Finance led ERP solutions interfaced with smaller kernels provide alternative for complex ERP systems



Availability of (senior) consultants remains challenging under current market conditions



Security increasingly important in providing services to our clients



# Technology overview

What happens around us?



Adoption of public cloud solutions continues to grow



State of technology and best practices services improved the last year significantly



Our role further changes from engineers to advisors and from consultants to challengers – Configure the business, not the technology



Requires a different approach and different services of system integrators like Ctac



# Technology overview

What are the key principles?

To be able to keep pace with the ever-changing market needs and evolution of technology the following principles are in place:

Build on the shoulders of the giants – Make use of all the innovations that are provided by the hyperscalers

First buy, otherwise build

## **Embrace Hybrid cloud strategy**

- Microsoft Azure Cloud
- Amazon Web Services (AWS) Cloud
- Ctac Cloud (nonpublic cloud requirements)

**FaaS** - Develop all new features and functionality as a Functionality as a Service



# Technology overview

Strategic partnerships



Appointed as strategic channel partner next to our Platinum partnership.



Azure platform and modern workplace



Official Select Partner. AWS Rising Star of the Year



Platinum partner & multi-award winner during the past few years



Exclusive partnership in the Benelux. More than 90 customers in the Benelux





# Ignite change programme

Transformation to enhance accountability and responsibility within the business units

## External

Strategy Execution Map

Centralization sales

Customer approach concept

**Responsibility  
& Focus**

## Internal

Business Unit structure

Virtual Think authority

People management  
integrated in HR

Improved profitability  
as a result



# People & culture – key values



## **Together**

Several in-house  
and external  
activities



## **Conscious**

Charity sponsoring  
Vitality program



## **Result oriented**

New PM-system  
implemented



## **Driven**

Educate,  
Train Ctacademy



## **Entrepreneurial**

Partnerships  
Client-engagement



# People & culture – Achievements & objectives



**Head count**

Growth by 7.5% and >500 employees  
22% is female  
Steadily reduction average age from 44.5 to 43.8  
Beefing up diversity



**Learning**

Ctacademy  
Talent & career program  
Insights discovery  
360-feedback



**Vitality**

Employee well-being  
Work-life balance  
Balanced workforce  
Reducing illness rate



# ESG focus – Achievements & objectives



## Society

Adoption of several charities in The Netherlands and Belgium.



## Clean energy

Electrification of our car fleet  
Replacing LED-lighting at our Head office.



## Vitality

Ctac's Vitality program  
Employee well-being

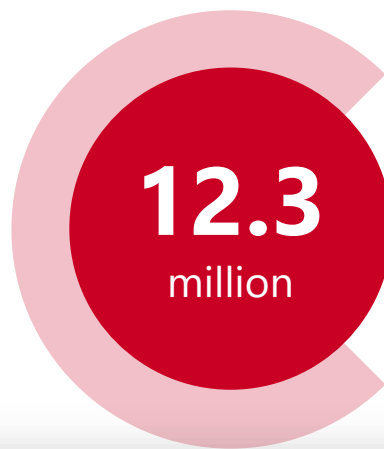


# Financial highlights



## REVENUE

Revenue increased with 10.6% compared to 2021 mainly due to autonomous growth (8%).



## EBITDA

EBITDA increased with 2.5%. EBITDA margin decreased to 10.5% (2021: 11.3%) due to investments in Ignite change programme and IT-talent.



## EBIT

EBIT increased with 6.2%. EBIT margin decreased from 6.1% to 5.9% compared to 2021.



# Ctac experienced organic and acquisitive growth as organizational improvements in recent years



In 2022, we had a record revenue as a result of organic growth (8.0%) as well as the acquisitions of Digimij and Technology2Enjoy.



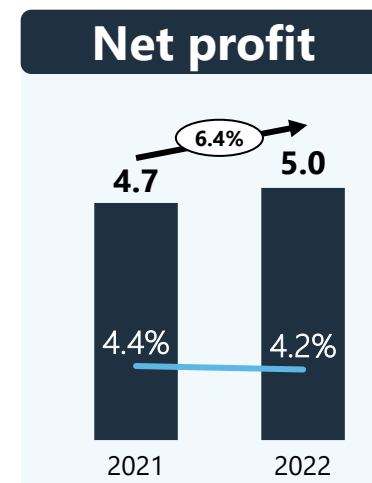
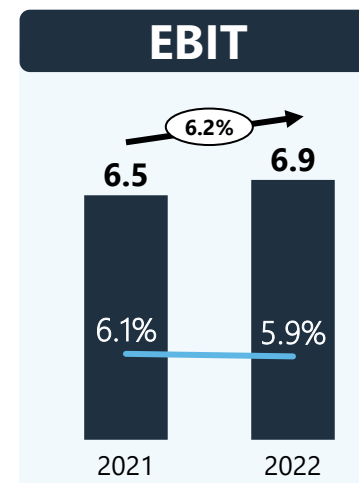
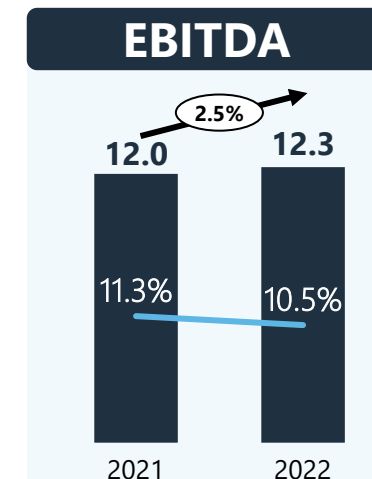
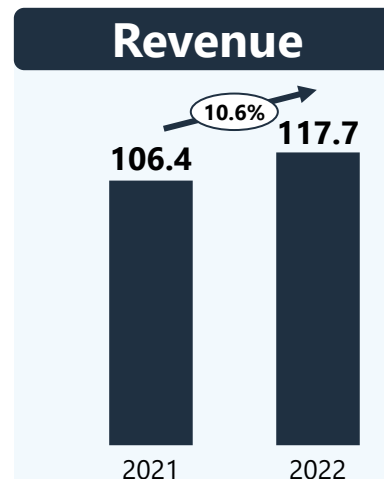
EBITDA and EBIT-margin suppressed due to Ignite change programme and investment in IT-talent.



Net profit up which reflects a higher earnings per share of € 0.34 (2021: € 0.33)



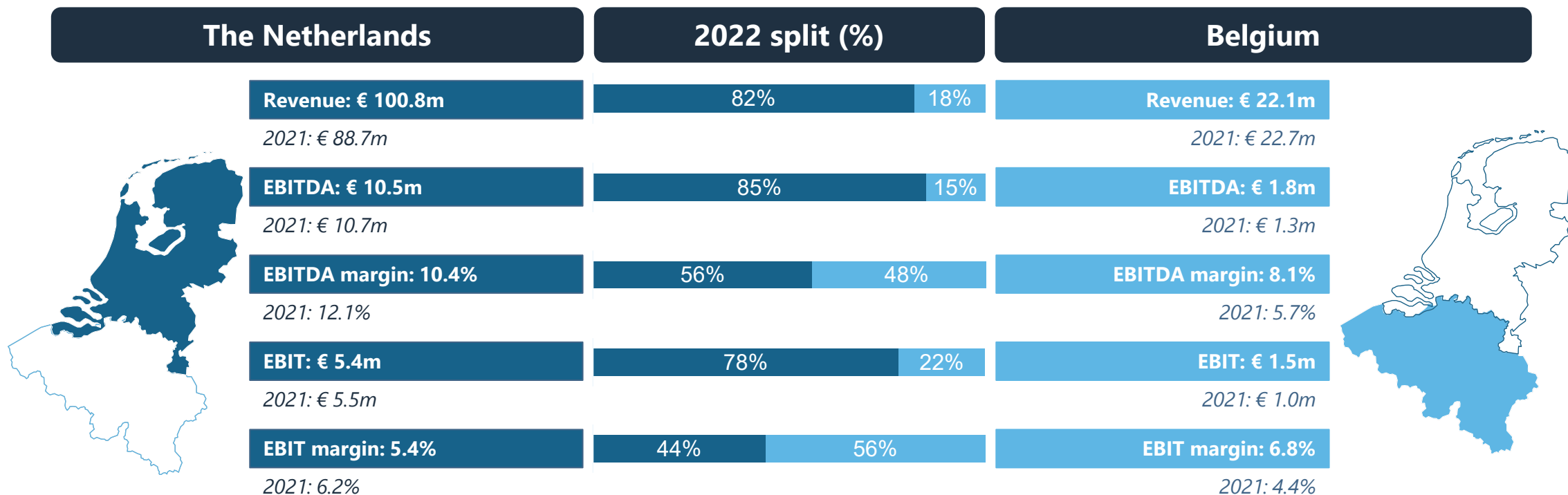
Proposed dividend of € 0.12 per share in shares or cash, reflecting a pay out ratio of 35% (2021: € 0.11)





# Performance per core region<sup>1</sup>

Ctac focuses on The Netherlands and Belgium





# Revenue by service line

Revenue growth achieved within all lines of services

## Secondment and projects

- Ctac historically focused on the secondment of SAP consultants. However, our consultants have successfully been seconded to broader IT areas. That has led to considerable growth, particularly at larger clients
- We also design and manage complex projects and programs together with our clients to help them convert their investments into business value

### 2022 developments

- Significant revenue increase of 15.2%, primarily driven by autonomous growth as well as the acquisition of Digimij and Technology2Enjoy

## Cloud services

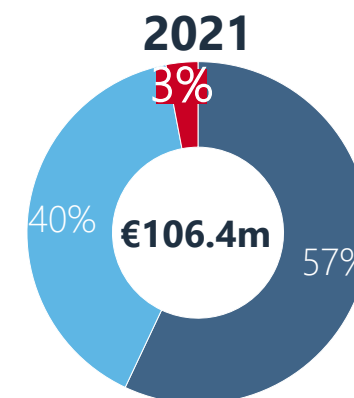
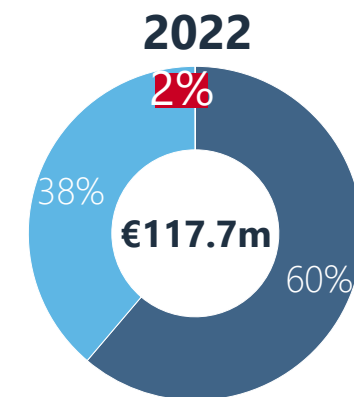
- Ctac anticipates its clients' needs to adapt to changing markets with agility and offers a total package with state-of-the-art cloud services that are available 24/7. This provides our clients the latest software and guaranteed availability, allowing them to focus on their core business with the knowledge that their applications are secure

- Revenue increase of 6.2% as more clients migrate from a private to public cloud environment

## Licence- and hardware sales

- Licence revenues are primarily driven by Ctac's own software licences for XV Retail as well as for licences related to Precisely and SAP
- In addition, Ctac also offers the sale and delivery of ICT hardware through Digimij

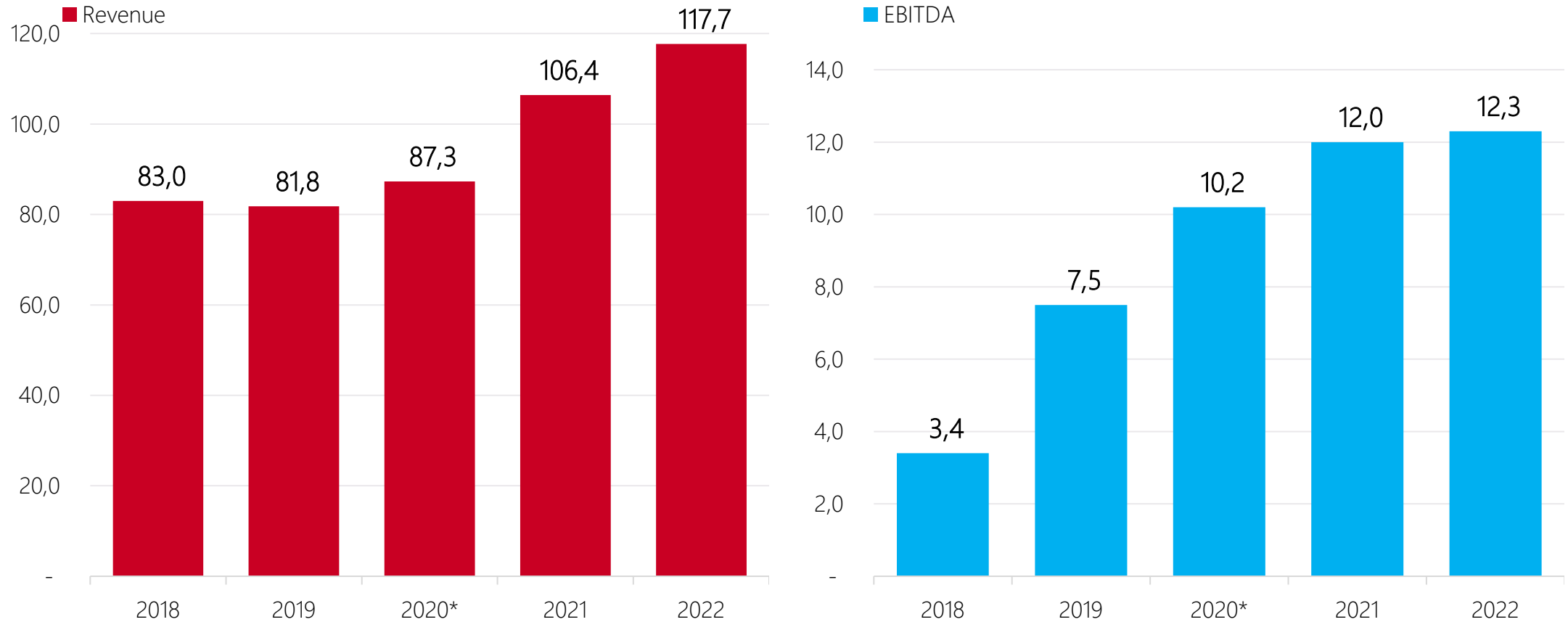
- Revenue decrease of 18.8%, largely driven by the fact that more clients move to public cloud



- Secondments and projects
- Cloud services
- License- and hardware sales



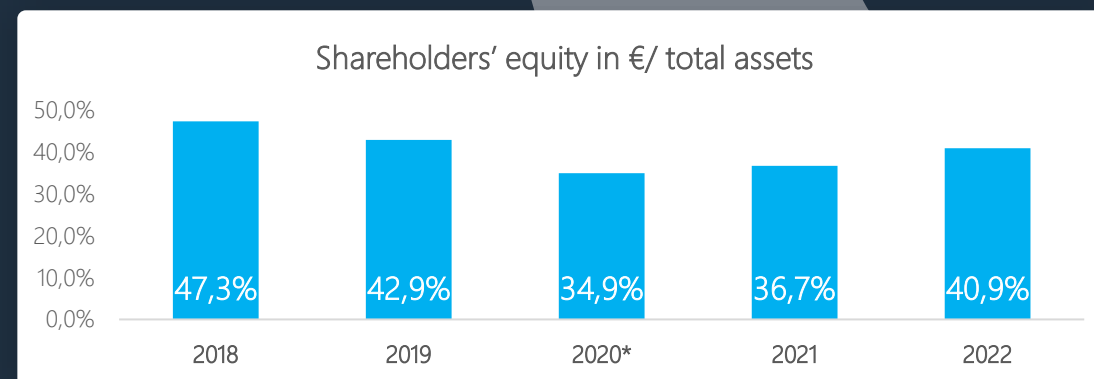
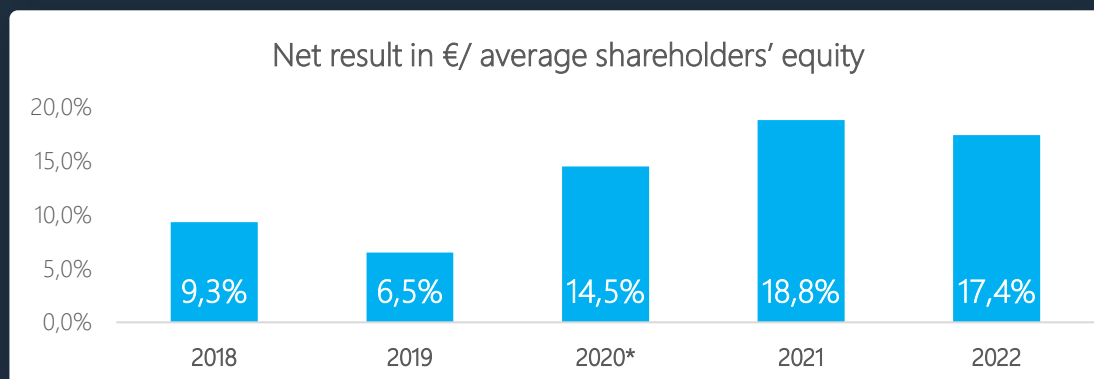
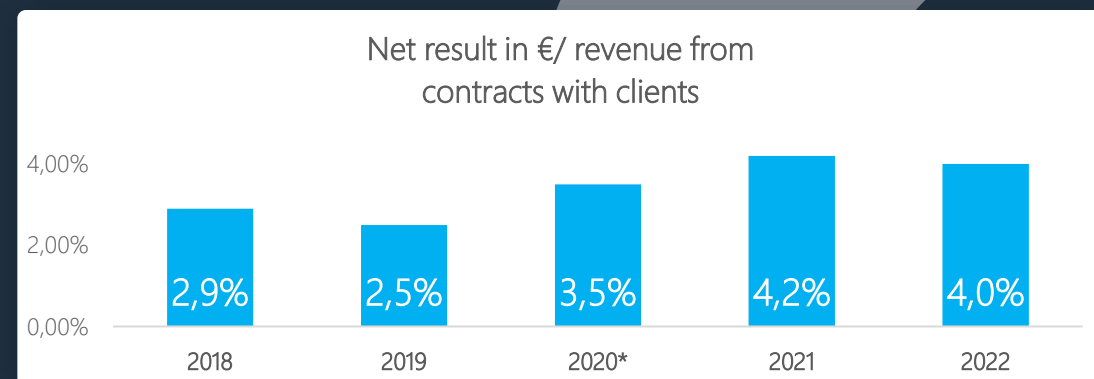
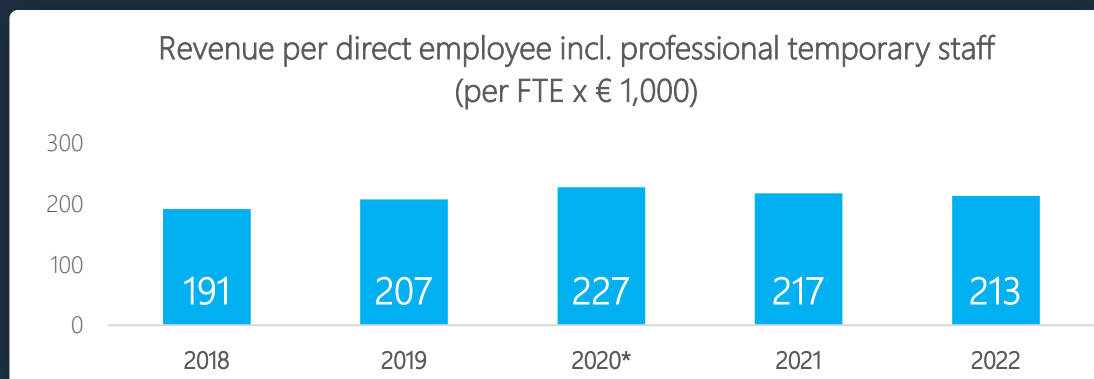
# Historical performance per year (€ mln)



\*The figures for 2020 do not include Ctac France due to discontinued operations



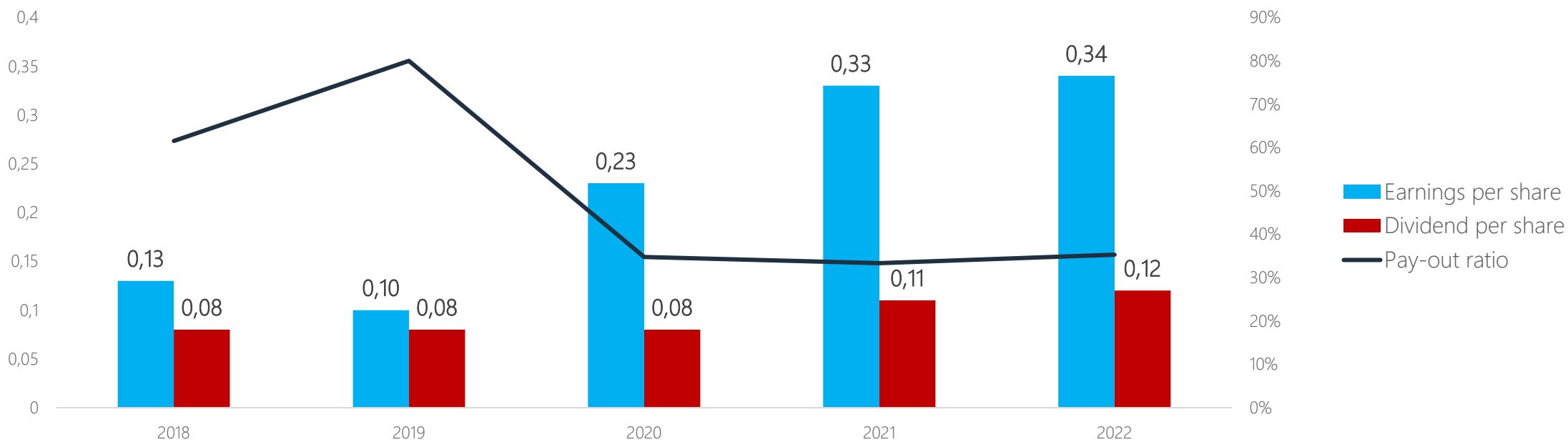
# Other key figures



\*The figures for 2020 do not include Ctac France due to discontinued operations



# Earnings and dividend per share



Ctac's dividend policy aims to pay out 30 to 40 % of the net profit, with the shareholders being offered an optional dividend.

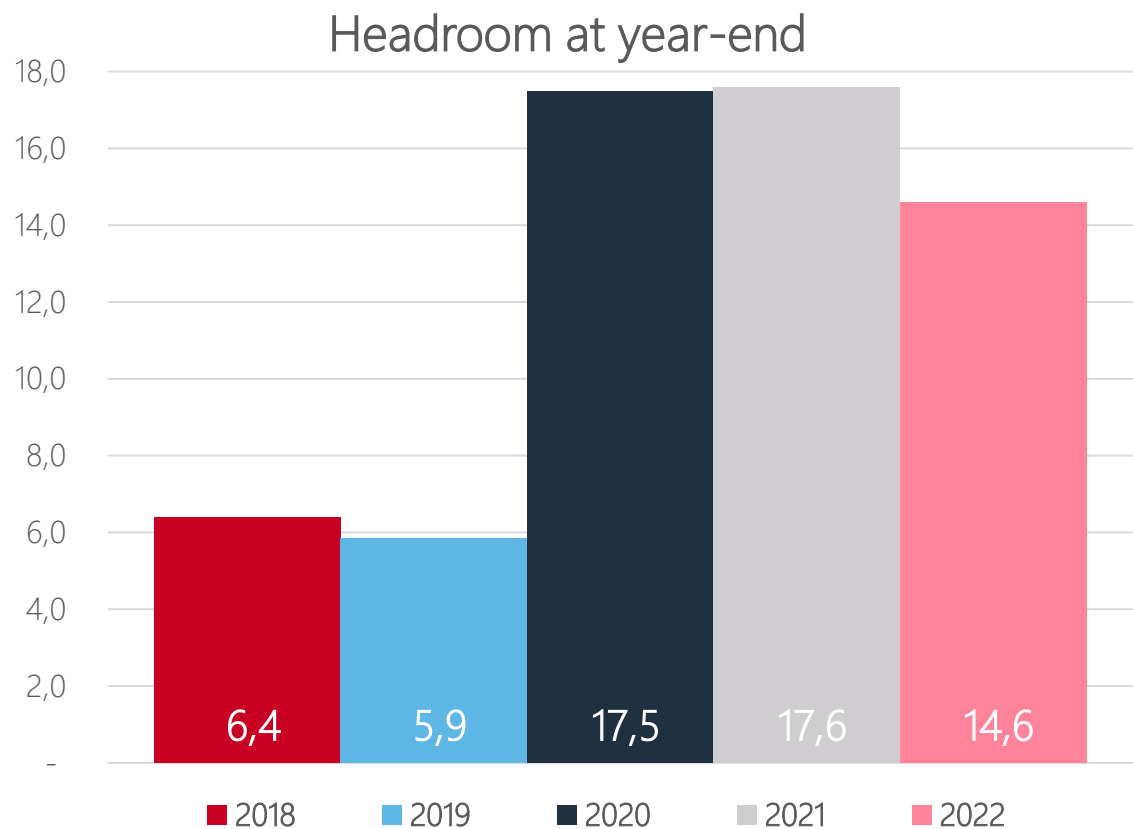
# Balance sheet

Net  
result

amounts in € x 1.000.000	2022	2021		2022	2021
<b>Intangible fixed assets</b>	28.7	29.4	<b>Group Equity</b>	30.9	27.2
<b>Right-of-use assets</b>	9.9	10.7	<b>Long-term bank liabilities</b>	1.1	2.0
<b>Tangible fixed assets</b>	1.2	0.8	<b>Long-term lease obligations</b>	7.3	7.9
<b>Financial fixed assets</b>	2.7	1.2	<b>Other long-term liabilities</b>	2.7	3.5
<b>Inventories</b>	0.2	0.1	<b>Short-term bank liabilities</b>	0.9	0.9
<b>Trade and other receivables</b>	25.6	21.4	<b>Short-term lease obligations</b>	2.9	3.0
<b>Cash and cash equivalents</b>	7.4	10.4	<b>Other short-term liabilities</b>	29.8	29.5
<b>Total assets</b>	<b>75.6</b>	<b>74.0</b>	<b>Total liabilities</b>	<b>75.6</b>	<b>74.0</b>

Increase  
due to  
M&A

# Headroom per 31 december



The total headroom on 31 December 2022 amounts to € 14.6 million. The credit facility is committed through to April 2024. At the end of 2022, the net cash amounted to € 5.4 million.



# Operational cash flow conversion explained

Financial position – net cash



Ctac generated negative cash flows in 2022. End of period net cash decreased to € 7.4m (31-12-2021: € 10.4m)



The reason for the decrease in operational cash flow mainly due to a strong increase in current liabilities in 2021 compared with 2020 due to acquisition of Oliver and Digimij.



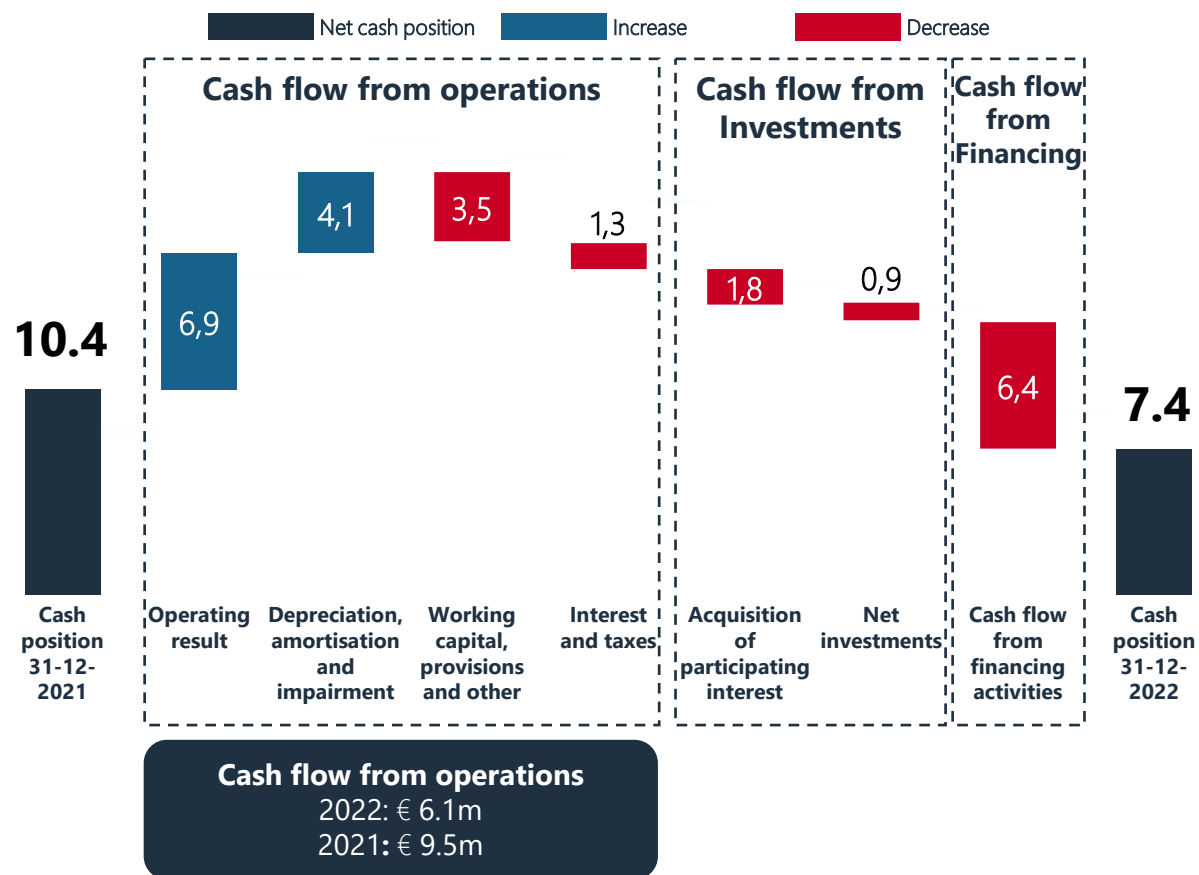
The cash flow from investments is primarily caused by the acquisitions of participating interest in Technology2Enjoy.



The cash flow from financing amongst others consists of lease payments, debt repayments, dividends to shareholders and payments of remaining earn out obligations.



In 2022, Ctac's credit facility amounted to € 7.2m at year end. Overall, the liquidity position is under control and provides a good starting point to fuel further growth





# Key take aways | 2022

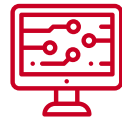
Ignite Change programme created **focus** on **clients** and our **employees**

Key financial figures improved overall. **Record revenue** and **second highest result** in our history

In 2022 we **broadened** our **portfolio**. Portfolio rationalization and **M&A strategy** will be **continued**

Integration of recent acquisitions in our organization **on track**. This will support further growth in 2023

# Forward looking statement



The digital transformation of both companies and public sector organisations is expected to continue in the coming years.



Ctac expects to realise single-digit organic revenue growth and we look to improve our overall profitability with an EBITDA margin of 11% - 13% in 2023.



The company's financial position also provides sufficient room to continue our M&A strategy.





**ANNUAL GENERAL MEETING OF SHAREHOLDERS – 13 APRIL 2023**

# **Presentation on audit by PricewaterhouseCoopers Accountants N.V.**



# Report on the 2022 financial statements of Ctac N.V.

13 April 2023



# Content

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1. Introduction | Financial reporting framework
2. Our opinion | Other information
3. Materiality | The scope of our group audit
4. Key audit matters
5. Fraud
6. Going-concern
7. Climate change

# Report on the 2022 financial statements

Introduction | Financial reporting framework

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- Introduction

- We have audited the 2022 financial statements of Ctac N.V.
- We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.

## Financial reporting framework

- The financial reporting framework applied in the preparation of the consolidated financial statements is EU IFRS and the relevant provisions in Part 9 of Book 2 of the Dutch Civil Code, and the financial reporting framework applied in the preparation of the company financial statements is Part 9 of Book 2 of the Dutch Civil Code.
- Ctac has prepared this annual report, including the financial statements, in the European Single Electronic Format (ESEF)

# Report on the 2022 financial statements

Our opinion | Other information

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## Our opinion

- The company and consolidated financial statements of Ctac N.V. and its subsidiaries give a true and fair view of the financial position of the group as at 31 December 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

## Report on the other information included in the annual report

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

# Report on the 2022 financial statements

Materiality | The scope of our group audit

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## Materiality

- Materiality: €1.100.000
- Based on 1% of total revenues

## The scope of our group audit

- We conducted the entire audit at the head office of Ctac in the Netherlands.
- The group audit mainly focused on the significant group entities: Ctac N.V., Ctac Nederland B.V., Ctac B.V. Ctac Resourcing B.V. and Ctac België N.V.
- Two additional group entities included in our scope to obtain sufficient coverage for the audit of individual consolidated financial statement line items.
- Coverage: 97% on revenue, 91% on balance sheet total and 74% on result before taxes.

# Report on the 2022 financial statements

Key audit matters

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## Key audit matters

*Sale of the intangible asset related to the Fit4Woco application*

- Disclosed in note 1.4 'In eigen beheer vervaardigde immateriele vaste activa' of the financial statements
- Complex, non-standard transaction, with multiple contract parties
- Subject to estimates of management
- Primarily substantive audit approach

*Recognition of unsettled revenue transactions from contracts with clients*

- Relevant to note 14 'Omzet uit contracten met klanten' of the financial statements
- Risk of fraud in revenue recognition, focused on existence of unsettled revenue transactions per balance sheet date

- Primarily substantive audit approach

# Report on the 2022 financial statements

Fraud

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## **Our audit approach in respect of fraud risks**

*Reference is made to note 'Fraude risicomanagement' in the financial statements, and the section 'Controleaanpak frauderisico's' in our independent auditor's report.*

Fraud risks included in our audit plan:

- Risk of management override of controls
- Risk of fraud in revenue recognition

Our procedures did not give rise to any indications of actual, suspected or presumed cases of fraud that could result in a material misstatement.



# Report on the 2022 financial statements

Going-concern

## **Our audit approach in respect of going-concern**

*Reference is made to note 'Belangrijkste grondslagen voor de jaarrekening' in the financial statements, and the section 'Continuïteit' in our independent auditor's report.*

- The Board of Directors prepared a going-concern assessment for the period 2023 up to including Q1 2024.
- We evaluated assumptions included in the going-concern assessment such as revenue, expected operating results, expected net results and the cash flows derived from them.
- We evaluated the covenants related to the credit facilities available in the Netherlands and Belgium.

Our procedures did not give rise to any indications of risks related to going-concern.

# Report on the 2022 financial statements

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Climate change

## Evaluation of risks related to climate change

*Reference is made to paragraph 'Duurzaamheid' in 'Verslag van de Raad van Bestuur'.*

- Ctac has concluded that climate risks do not have a material impact on the company's business model. We concur with this conclusion.
- Ctac started with the preparation of the implementation of the Corporate Sustainability Reporting Directive (CSRD).

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**ANNUAL GENERAL MEETING OF SHAREHOLDERS – 13 APRIL 2023**

# Remuneration



# Introduction

**The information in this presentation has the following objective:**

Clarification of and explanation on the agenda items 4a and 4b of the Annual General Meeting of Shareholders dated 13 April 2023

**Please refer to the Ctac website for the remuneration report and the remuneration policy**

## 4a. Remuneration report

During and following the 2022 AGM, we have engaged in discussions with various stakeholders on their reaction and remarks on the remuneration report, which have been taken into account in the underlying report.

### **FY 2022 reported remuneration highlights:**

- During 2022, the Board of Directors consisted of one director
- For the purely quantitative financial performance criteria, please refer to the remuneration report
- STI-score of 23.7%, results in STI-value of € 71,076
- LTI-score of 19.7%, results in LTI-value of € 59,005

**Please refer to the Ctac website for the remuneration report**

## 4b. Proposal to amend and adopt the remuneration policy (1)

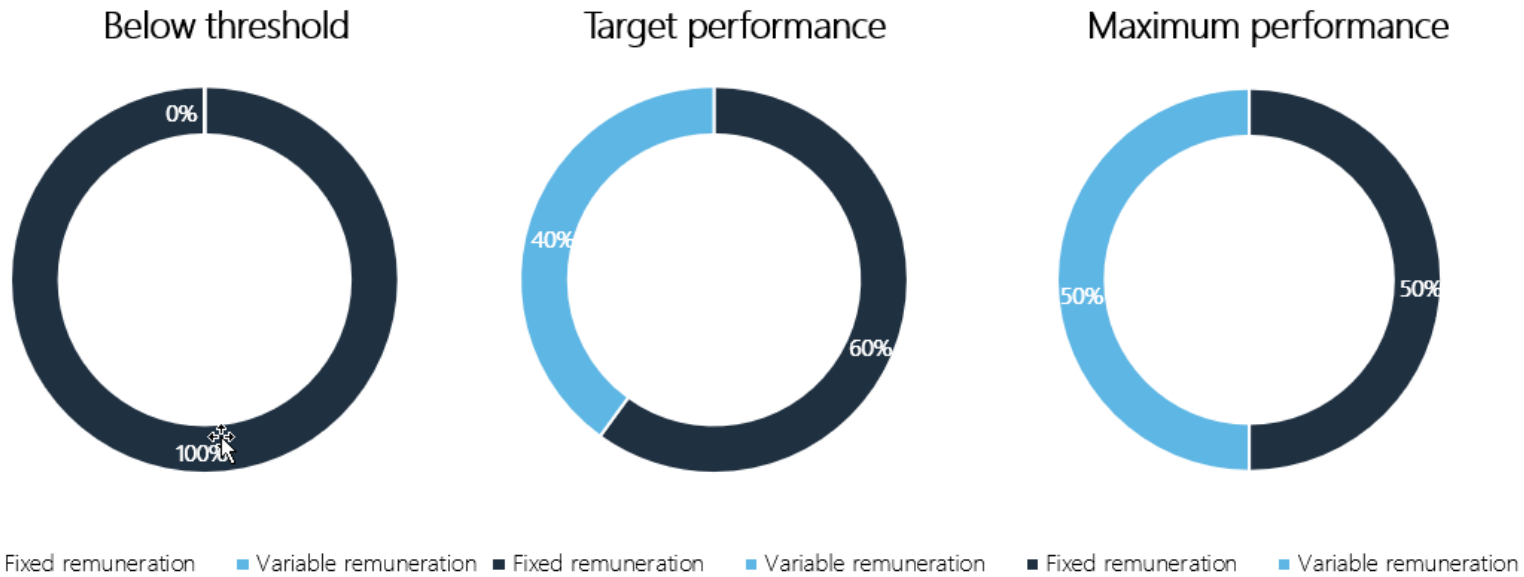
- During and following the 2022 AGM, we have engaged in discussions with various stakeholders following their remarks on the proposed remuneration policy. It was noted that the proposed remuneration policy could be improved by simplification, reduction and more transparency of the performance criteria.
- The company has incorporated such comments and prepared the current proposal, which is supported by the Works Council.
- The proposed remuneration of the Board of Directors was compared with relevant benchmarks and was prepared with the expertise of Hay Korn Ferry.
- In preparation for the AGM, we have received positive feedback from stakeholders and proxy voting agencies.

**Please refer to the Ctac website for the 2023 remuneration policy**

# 4b. Proposal to amend and adopt the remuneration policy (2)

## FIXED AND VARIABLE REMUNERATION RATIOS

Within the Board of Directors, the ratios between fixed and variable remuneration and between short-term and long-term variable remuneration are the same for all members. The following ratios apply as part of the policy:





## 4b. Proposal to amend and adopt the remuneration policy (3)

ELEMENT	2022	2023
Base salary	Annual base salary based on competences, experience and seniority, taking into account the roles and responsibilities, benchmarked against the peer group.	
STI	<ul style="list-style-type: none"> <li>• Revenue</li> <li>• EBITDA</li> <li>• Organisation and strategy</li> </ul>	Weighting of financial performance measures changed, providing more focus on EBITDA compared to revenue
LTI	<ul style="list-style-type: none"> <li>• Share-based cash remuneration</li> <li>• Performance criterion 'Total Shareholder Return'</li> <li>• Performance criterion 'Earnings Per Share'</li> <li>• Performance criterion CSR</li> <li>• Circuit breaker</li> </ul>	<ul style="list-style-type: none"> <li>• Cash remuneration no longer share-based</li> <li>• Performance criterion 'Total Shareholder Return' abolished</li> <li>• Performance criterion of 'EBITDA' added</li> <li>• Circuit breaker abolished</li> <li>• <b>Other performance criteria maintained, including CSR</b></li> </ul>
Other benefits	General Ctac employment conditions regarding secondary benefits, such as company car, pensions, etc.	
Severance payments	<ul style="list-style-type: none"> <li>• The severance payment in the event of involuntary departure (without cause) is at most one annual base salary.</li> <li>• <b>The notice period has been limited from six to three months.</b></li> </ul>	

**Transitional arrangement:** upon adoption of the new remuneration policy, outstanding conditionally awarded LTI components will be settled in cash.



**CTAC**

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13 April 2023



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