

P R E S S R E L E A S E

Results first half 2019: Ctac records slightly lower turnover. One-off expenses have negative impact on result, Ctac revises full-year 2019 forecast downward.

's-Hertogenbosch, 7 August 2019 – Business & Cloud Integrator Ctac N.V. (Ctac) (Euronext Amsterdam: CTAC) today reports its results for the first half of 2019.

Key figures

€ million (unless otherwise stated)	H1 2019	H1 2019	H1 2018	Q2 2019	Q2 2018	Q1 2019	Q1 2018
	Incl. adjustment IFRS 16	Excl. adjustment IFRS 16		Excl. adjustment IFRS 16		Excl. adjustment IFRS 16	
Net turnover	41.4	41.4	42.4	20.7	21.1	20.6	21.3
Operating result before depreciation (EBITDA)*	3.2	1.0	1.7	0.0	0.8	1.0	0.9
Operating result (EBIT)**	0.4	0.3	1.2	-0.3	0.5	0.6	0.7
Net result (attributable to group shareholders)	-	-	0.9	-0.4	0.4	0.4	0.5
Number of employees end-H1 (headcount)		406	449				

(*) EBITDA 2019 corrected for one-off expenses amounts to € 1.7 million (2018: € 1.7 million)

(**) EBIT 2019 corrected for one-off expenses and depreciation IP products € 1.3 million (2018: € 1.2 million)

Highlights first half of 2019

- Net turnover declines slightly by 2.5% to € 41.4 million
- Operating result before depreciation (EBITDA) (excluding impact IFRS 16) falls by € 0.7 million to € 1.0 million
- Operating result (EBIT) (excluding impact IFRS 16) falls by € 0.9 million to € 0.3 million
- Net result nil (2018: € 0.9 million)
- IP strategy remains unchanged. New contracts with a European retailer (cash register systems) and a commercial real estate manager (Fit4RealEstate)
- Ctac has revised its full-year 2019 forecast downward: barring exceptional exogenous circumstances and on the basis of the size and the quality of the order book, Ctac expects to record slightly lower turnover and a lower result for the full year 2019. This forecast has not been corrected for the one-off expenses reported in the first half of 2019.

Henny Hilgerdenaar, Chief Executive Officer of Ctac:

"In the first months of this year we saw a basis for growth for the full year 2019. However, a number of one-off items had a negative impact on the results for the first half of the year. Due in part to these developments, we had to revise our forecast for the full year 2019 downward. Ctac announced this earlier in a press release dated 24 July of this year.

Ctac Cloud Services saw continued growth in the Netherlands. The streamlining of Ctac's product portfolio at the end of 2018 combined with a cautious market for consultancy services and lower license income resulted in lower turnover. Ctac recorded higher turnover and results in Belgium. The increasing scarcity of IT personnel is a challenge for Ctac. Operating expenses came in higher, largely due to a combination of increased depreciation expenses, one-off expenses incurred due to the departure of our CFO (in May 2019) and the after-effects of development costs for IP products. On balance, this led to a lower operating result. On 26 July of this year, Ctac reported that it would nominate Mr. P.P.J.G. (Pieter-Paul) Saasen for appointment as a member of the Board of Directors in the position of Chief Financial Officer.

Taking into account the size and quality of our current order book and barring exogenous circumstances, Ctac expects to record lower turnover and lower results for the full year 2019. Ctac expects its IP products to have a positive impact on the company's development from 2020."

Financial developments

PROFIT AND LOSS ACCOUNT

General

IFRS 16 came into force in 2019. This new standard entails a significant change in the approach to leases. IFRS 16 obliges the lessor to capitalise all lease obligations on its balance sheet. This involves some significant shifts in Ctac's reporting. In addition to the increase in its balance sheet, IFRS 16 also affects the company's profit and loss account. We explain these effects in the addendum to this press release.

Turnover and gross margin

Turnover declined by € 1.0 million, or 2.5%, to € 41.4 million in the first half of 2019, from € 42.4 million in the first half of 2018. In the Netherlands, Ctac recorded a rise in turnover from cloud services, because an increasing number of Ctac clients are migrating to a private or public cloud environment. However, the market for larger consultancy projects in particular remained somewhat cautious, as it was in the first quarter of the year. And partly as a result of a transition towards pay-per-use contracts, Ctac sold fewer licenses. In the fourth quarter of 2018, Ctac streamlined its product portfolio, which also resulted in lower turnover in the first half of 2019. Turnover was higher in Belgium, driven by growth in secondment activities. On balance, the above-mentioned turnover effects had a negative impact of € 0.8 million on the gross margin, which fell to € 28.5 million in H1 2019 from € 29.3 million in H1 2018.

	H1 2019	H1 2018	Change as % of turnover H1 2018
Turnover divided by products and services			
(amounts in € 1,000)			
License and hardware sales	657	1,614	-59.3%
Management and hosting contracts	16,981	15,719	8.0%
Secondment and project agreements	20,045	20,969	-4.4%
Maintenance contracts	3,683	4,136	-11.0%
Total turnover from contracts with customers	41,366	42,438	-2.5%

Operating expenses

Operating expenses came in at € 28.1 million in the first half of 2019, the same level as in the first half of 2018.

In the first half of 2018, Ctac capitalised an amount of € 1.7 million in development costs. This led to a reduction of personnel costs. In the first half of 2019, personnel costs were lower due to a drop in the number of FTEs. These and other costs savings were offset by one-off expenses, partly related to the departure of Ctac's CFO (contractual commitments, replacement and recruitment costs) and the lingering impact of development costs for IP products that were required to respond as effectively as possible to the specific wishes of new clients for Fit4Woco and XV Retail.

Ctac expects the contracts with these new clients to have a positive impact on turnover and results from 2020 onwards.

Operating result before depreciation (EBITDA)

EBITDA (excluding the impact of IFRS 16) fell by 41% to € 1.0 million in the first half of 2019 (first half 2018: € 1.7 million). This decline was largely due to the above-mentioned gross margin effects and the increase in operating expenses.

Operating result (EBIT)

From January 2019, Ctac will depreciate the capitalised IP products Fit4Woco and XV Retail on a regular basis. In addition to reducing EBITDA, this also has a negative impact on the company's operating result.

Net result

The net result accruing to group shareholders came in at € 16,000 in the first half of 2019 (2018: € 0.9 million). On the basis of the weighted average number of outstanding ordinary shares of 12,827,802, this implies net earnings per ordinary share of € 0.00 (2018: € 0.07).

BALANCE SHEET

The balance sheet total had declined by € 0.5 million to € 47.8 million as per 30 June 2019, from € 48.3 million as per 31 December 2018, largely as a result of regular depreciations. The balance sheet total increased by € 7.9 million as per 31 December 2018 as a result of the application of IFRS 16.

In line with seasonal patterns, Ctac's net bank debt had increased by € 1.8 million when compared with 31 December 2018. This increase was entirely due to the payment of holiday allowances, bonuses, cash dividends and earn out obligations in the second quarter of 2019.

Solvency (equity / balance sheet total) stood at 38.0% at end-June 2019 (year-end 2018: 38.9%). Solvency declined by 8.3% at year-end 2018 as a result of the application of IFRS 16.

For the financial year 2018, Ctac distributed an optional dividend of € 0.08 per share to its shareholders (2017: € 0.08). This resulted in a pay-out of € 673,000 to shareholders and an increase in the number of outstanding ordinary shares of 124,319 shares to a total of 12,931,401 shares.

NET CASH FLOW AND CASH POSITION

Ctac recorded a negative cash flow of € 1.8 million in the first half of 2019 (2018: € 1.7 million negative), as a result of regular seasonal patterns. At 30 June 2019, Ctac's cash position stood at a negative € 2.1 million (30 June 2018: € 3.9 million negative).

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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 consultancy, managed services, projects, learning and secondment. 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 Fit4Woco, an ERP solution for the Dutch housing corporation market. In 2019, Ctac had been in business for 27 years and over the years has built up extensive experience and material know-how in the retail, wholesale, manufacturing and real estate sectors.

The organisation 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 its head office is located in 's-Hertogenbosch, the Netherlands. At end-June 2019, Ctac had 406 employees. Ctac is also active in Belgium and France. You will find more information at: www.ctac.nl.

For more information

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Financial calendar

31 October 2019: publication press release on the third quarter of 2019

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Addenda:

Condensed consolidated profit and loss account
Condensed consolidated balance sheet
Condensed consolidated cash flow statement
Condensed consolidated statement of changes in equity
Segment results per country
Notes to the consolidated half year report

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

(amounts in € 1,000)	With application IFRS 16 first half 2019	<i>Adaption IFRS 16 first half 2019</i>	<i>Without application IFRS 16 first half 2019</i>	Without application IFRS 16 first half 2018 1)
Turnover from contracts with customers	41,366	-	41,366	42,438
Purchase value of turnover	-12,862	-	-12,862	-13,166
Gross margin	28,504	-	28,504	29,272
Personnel costs	20,313	-	20,313	20,421
Depreciation and amortization	2,775	2,050	725	462
Other operating costs	4,969	-2,233	7,202	7,187
Operating expenses	28,057	-183	28,240	28,070
OPERATING RESULT	447	183	264	1,202
Financial income and expense	-169	-152	-17	-50
RESULT FROM ORDINARY OPERATIONS BEFORE TAXES	278	31	247	1,152
Taxes	-262	-8	-254	-208
NET RESULT	16	23	-7	944
Attributable to third party share	-	-	-	-
ATTRIBUTABLE TO SHAREHOLDERS	16	23	-7	944

1) This concerns the comparative figures for 2018 in accordance with the half-year report for 2018

CONDENSED CONSOLIDATED BALANCE SHEET

(amounts in € 1,000)

	<i>With application IFRS 16 30-jun-19</i>	<i>With application IFRS 16 31-dec-18</i>	<i>Adaption IFRS 16 31-dec-18</i>	<i>Without application IFRS 16 31-dec-18</i>
ASSETS				
FIXED ASSETS				
Intangible fixed assets	17,169	17,569	-	17,569
Tangible fixed assets	1,217	1,374	-	1,374
Lease assets	6,752	7,827	7,827	-
Financial fixed assets	70	70	-	70
Deferred tax assets	1,205	1,314	80	1,234
	<u>26,413</u>	<u>28,154</u>	<u>7,907</u>	<u>20,247</u>
CURRENT ASSETS				
Trade receivables and other receivables	20,159	19,580	-	19,580
Corporate income tax receivable	424	207	-	207
Cash and cash equivalents	818	379	-	379
	<u>21,401</u>	<u>20,166</u>	<u>-</u>	<u>20,166</u>
	<u>47,814</u>	<u>48,320</u>	<u>7,907</u>	<u>40,413</u>
LIABILITIES				
GROUP EQUITY				
Third party share	18,158	18,815	-281	19,096
	19	19	-	19
LONG-TERM LIABILITIES				
Lease commitments	3,723	4,593	4,593	-
Other liabilities	271	261	-	261
Deferred tax liabilities	83	114	-	114
	<u>4,077</u>	<u>4,968</u>	<u>4,593</u>	<u>375</u>
SHORT-TERM LIABILITIES				
Bank debt	2,891	656	-	656
Provisions	1,192	1,100	-	1,100
Trade creditors and other liabilities	21,477	22,762	3,595	19,167
	<u>25,560</u>	<u>24,518</u>	<u>3,595</u>	<u>20,923</u>
	<u>47,814</u>	<u>48,320</u>	<u>7,907</u>	<u>40,413</u>

CONDENSED CONSOLIDATED CASHFLOW STATEMENT

(amounts in € 1,000)	<i>With application IFRS 16</i>	<i>Adaption IFRS 16</i>	<i>Without application IFRS 16</i>	<i>Without application IFRS 16</i>
	first half 2019	first half 2019	first half 2019	first half 2018 1)
Cash flow from operations	1,800	2,233	-433	607
Interest paid	-168	-152	-16	-31
Other cash flow from operating activities	-400	-	-400	-375
Cash flow from operating activities	1,232	2,081	-849	201
Investments in (in-)tangible fixed assets	-168	-	-168	-1,155
Cash flow from investing activities	-168	-	-168	-1,155
Repayment of lease obligations	-2,081	-2,081	-	-
Paid earn out obligations	-106	-	-106	-274
Dividend	-673	-	-673	-500
Cash flow from financing activities	-2,860	-2,081	-779	-774
Net cash flow	-1,796	-	-1,796	-1,728
Net balance of cash and cash equivalents as per 1 January	-277	-	-277	-2,159
Net balance of cash and cash equivalents as per 30 June	-2,073	-	-2,073	-3,887
	-1,796	-	-1,796	-1,728

1) This concerns the comparative figures for 2018 in accordance with the half-year report for 2018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(amounts in € 1,000)

	Issued share capital	Share premium	Other reserves	Undivided profit	Group equity
Balance per 1 January 2019	3,074	11,725	2,582	1,715	19,096
Change in accounting policy IFRS 16	-	-	-281	-	-281
Adjusted balance as per 1 January 2019	<u>3,074</u>	<u>11,725</u>	<u>2,301</u>	<u>1,715</u>	<u>18,815</u>
Net result 2018	-	-	1,042	-1,042	-
Dividend	30	-30	-	-673	-673
Net result 2019 HY1	-	-	-	16	16
Balance per 30 June 2019	<u>3,104</u>	<u>11,695</u>	<u>3,343</u>	<u>16</u>	<u>18,158</u>

	Issued share capital	Share premium	Other reserves	Undivided profit	Group equity
Balance per 1 January 2018	3,037	11,762	282	2,800	17,881
Net result 2017	-	-	2,300	-2,300	-
Dividend	37	-37	-	-500	-500
Net result 2018 HY1	-	-	-	944	944
Balance per 30 June 2018	<u>3,074</u>	<u>11,725</u>	<u>2,582</u>	<u>944</u>	<u>18,325</u>

This concerns the statement of changes in equity for the first half of 2018 in accordance with the half-year report 2018

SEGMENTED RESULTS PER COUNTRY

(amounts in € 1,000)

1st half 2019	Netherlands	Belgium	Other	Elimination	Consolidated
Turnover	35,650	8,027	407	-2,718	41,366
Operating result	1,056	97	-706	-	447
Financial income and expense	-27	-41	-101	-	-169
Result before taxes	1,029	56	-807	-	278

1st half 2018	Netherlands	Belgium	Other	Elimination	Consolidated
Turnover	37,628	7,375	384	-2,949	42,438
Operating result	1,688	-196	-290	-	1,202
Financial income and expense	-33	-19	2	-	-50
Result before taxes	1,655	-215	-288	-	1,152

This concerns the segmented information for the first half of 2018 in accordance with the half-year report 2018

NOTES TO THE CONSOLIDATED HALF YEAR REPORT

General information about Ctac

Ctac N.V. is a public limited company, established and with offices in the Netherlands, with its head offices and statutory seat at Meerendonk 11 5216 TZ in 's-Hertogenbosch (the Netherlands). This consolidated interim report covers the company and all its subsidiaries (together referred to as "Ctac").

The group financial year is the same as the calendar year. The consolidated interim results for the first six months ending 30 June 2019 were approved for publication by both the Board of Directors and the Supervisory Board on 1 August 2019.

Statement of compliance

This consolidated interim report for the first six months of the year ending 30 June 2019 was prepared in line with IAS 34 "Interim financial reporting" and does not include all the information and explanatory notes required for drawing up full-year financial statements. The consolidated interim report should be viewed in conjunction with the consolidated financial statements for 2018, which were drawn up in accordance with IFRS as accepted within the European Union.

Accounting principles (condensed)

The accounting principles for financial reporting as applied in this interim report and the calculation methods used are the same as those used in the consolidated financial statements for the 2018 financial year, with the exception of the new standard IFRS 16, which came into force at the start of this year.

Due to the impact of the difference in the number of working days between the quarters, the company's activities have a slightly seasonal character, which is mainly reflected in turnover from consultancy activities.

Impairment test

Ctac conducts an impairment test once a year in February. The realised results over the first half and the expectations for the development of results do not give cause for a second impairment test this year.

Risk profile

Ctac identifies various financial risks, such as market risk, credit risk and liquidity risk. Ctac's general risk management, which is steered from the Board of Directors, extends to a broader field of financial risks. For a more detailed explanation of this subject, see the risk section of the 2018 financial statements. Risk management focuses on identifying and cataloguing the most significant risks and the management of same on the basis of guidelines, procedures, systems, best practises, checks and audits. The most significant current risk is the impact of the general economic climate on the ability and willingness of our (potential) clients to invest in their IT environment. In this respect, Ctac devotes a great of attention to limiting the risk related to non-collectable receivables.

Related parties

Parties related to Ctac include the group companies, the members of the Supervisory Board and the members of the Board of Directors. Transactions with related parties are conducted on a professional basis.

Forward looking statements

The interim report contains information, as required by article 5:59 in juxtaposition with articles 5:53, 5:25d and 5:25w of the Financial Supervision Act (*Wet op Financiële Toezicht*). Forward looking statements, which could form a part of this report, refer to future events and can be expressed in a variety of ways. Ctac bases these forward looking statements on its current expectations and projections with respect to future events. Ctac's expectations and projections could change and Ctac's actual results could differ

from the results indicated or implied by these forward looking statements, as a result of the potential risks and uncertainties and other significant factors that Ctac can neither control, nor predict, and certain risks and uncertainties outside Ctac's sphere of influence. Due to these factors, Ctac cannot with any certainty predict its future results and/or financial position.

Statement by the Board of Directors

Ctac's Board of Directors Ctac declares, in accordance with the requirements of article 5:25d of the Financial Supervision Act, that to the best of its knowledge:

'the consolidated interim report gives a true picture of the assets, liabilities and Ctac's financial position as per 30 June 2019 and of the result of our consolidated activities and those of the businesses included in the consolidation in the first half of 2019'; and 'that the consolidated interim report gives a true picture of Ctac's financial position as per 30 June 2019, of the course of events in the first half of 2019 within the company and in the businesses included in the consolidation, and of the expected risks and developments in the remaining months of 2019.'

's-Hertogenbosch (the Netherlands), 7 August 2019

Henny Hilgerdenaar - CEO