THE NEXT LEVEL

ANNUAL REPORT 2017

PROFILE ICT GROUP

ICT Group is a leading industrial technology solutions and services provider. The solutions we offer our clients involve software development, solutions on project basis, the secondment of experienced and highly educated staff as well as services to maintain IT systems.

Technology based-innovations are critical for the competitive edge of our customers; getting smarter every day in every product, process or application. Our specific industry knowledge enables us to link people, technology and ideas. With over 1000 dedicated technical professionals in the field, we are capable of translating new and innovative technologies into relevant business solutions, enriched with state-of-the-art technologies.

Within our focus areas Smarter Cities, Smarter Industries and Smarter Health we serve the following key industries:
Transport & Logistics, Automotive & Mobility, Energy, Oil & Gas, Water & Infrastructure, Healthcare, Food, Chemicals & Pharma, Manufacturing and High Technology.

ICT is globally active and operates from several locations in the Netherlands, Belgium and Bulgaria (Strypes). ICT is also active in Traffic & Transport (InTraffic), Testing and Training (Improve Quality Services), tunnel safety, asset management and project management (NedMobiel) and Enterprise Mobility (ICT Mobile).

ICT smarter solutions

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FINANCIAL HIGHLIGHTS 2017

(x € 1,000,000)	2017	2016
Revenue	**105.0**	**89.7**
Added value (Revenue minus cost of materials and subcontractors)	93.4	79.4
EBITDA	12.0	10.3
Amortisation / depreciation / impairment	3.6	2.9
Operating profit	8.4	7.4
Result before taxes from continuing operations	7.5	6.0
Income tax expense	(1.9)	(1.7)
Net profit from continuing operations	5.6	4.3
Discontinued operations	-	0.8
Non-controlling interests	(0.4)	(0.1)
Net profit [1), 2)]	5.2	5.0
Net cash flow from operating activities	7.9	5.1
Personnel		
Headcount as at 31 December	1,032	969
FTE as at 31 December	990	919
Average number of FTEs for year	966	836
Consolidated balance sheet information		
Shareholders' equity	47.7	43.7
Total equity and liabilities	81.6	79.2
Ratios		
EBITDA / revenue	11.4%	11.5%
Net profit [1), 2)] / revenue	5.0%	5.6%
Net profit [1), 2)] / average shareholders' equity	11.4%	12.6%
Solvency (Shareholders' equity / total assets)	58.4%	55.2%
Information per share of a nominal value of 0.10 (in €)		
Net profit [1), 2), 3)]	0.56	0.56
Shareholders' equity [4)]	5.06	4.71
Dividend [4), 5)]	0.35	0.33

1) In 2016 the net profit includes a one off deferred tax benefit of € 0.8 million, related to the final liquidation of ICT Software Engineering GmbH
2) Represents the net profit attributable to the shareholders of ICT Group N.V.
3) Based on the average number of issued shares
4) Based on number of issued shares at year end
5) Shareholders will again be offered the option: cash or shares

HIGHLIGHTS FY 2017

- Revenue up 17% to € 105.0 million, 7% organic growth
- EBITDA increased 17% to € 12.0 million
- Acquisitions of HTS and NedMobiel further strengthen position in Smarter Industries respectively Smarter Cities
- The net result came in at € 5.2 million, compared to € 5.0 million in 2016 that included a one-off gain of € 0.8 million
- Proposed dividend of € 0.35 per share for the year 2017

Foreword Jos Blejie - CEO ICT Group

We successfully took ICT Group to the next level in 2017. Both in terms of scale, as we surpassed the milestones of 1,000 employees and € 100 million in revenue, but even more so in terms of our readiness for the future. By decisively embarking on our strategic road map for growth, we once again delivered on our promises. We recorded sustainable levels of growth, while making the world a little smarter every day.

Solid growth at sustainable profit levels
ICT Group recorded revenue of € 105.0 million in 2017, an increase of 17%, on the back of both recent acquisitions Nozhup and HTS, as well as organic growth of 7%. EBITDA for the year came in at € 12.0 million, reflecting a margin of 11.4%.

Real tech professionals
Being an employer of choice is vital to our success. ICT employees are real tech professionals, who get excited when challenged to come up with a solution to a complex problem or deliver an interesting project within budget and on time. So our ability to offer our employees complex and interesting projects is potentially the most important factor in attracting and retaining talent. A decentralised structure, with real responsibility at every level of the organisation is key to creating the culture in which our (potential) employees feel challenged and able to thrive. We scored well in terms of attracting and retaining talented people in 2017. We believe the investments we have made in our offices, improving the working space for our people, together with the investments in training and personal development are also helping us to recruit and retain the best people. We do our utmost to strive to continue to achieve below industry attrition levels, which is challenging in a continuing tight labour market environment in the coming years.

A more powerful organisation
We made the completion of the organisational integration of Nozhup and HTS a top priority in 2017. To both make our new colleagues feel part of the ICT organisation and culture and to reap the full benefits of the combined companies. This resulted in a major step forward in our position in the industry and vital infrastructure sectors. Not only because we added new clients, but also because it enabled us to move up in the value chain. The integration, combined with continued investments in the organisation, resulted in a more powerful organisation – one that is ready to take sustainable growth to the next level.

Solid position in Industries, aiming for growth in Cities and Health
We significantly strengthened our position in Smarter Industries in 2017, fuelled in part by the acquisition of Nozhup. For 2018, our focus will be on strengthening our position in Smarter Cities and Smarter Health. We recently announced the acquisition of NedMobiel, a Netherlands-based expert consultancy company for complex infrastructures, which strengthened our position in Smarter Cities. We will continue to be very disciplined in our acquisition strategy.

Digital Transformation
We are convinced that Digital Transformation will be the key driver in taking ICT's sustainable innovation to the next level. ICT put Digital Transformation at the heart of its new business development activities, servicing all industries. The combination of our highly specialised Digital Transformation expertise and our deep knowledge of our clients' industries gives us an unique proposition. Last year, we saw a doubling of revenues from Digital Transformation and we are committed to the continued growth of this proposition.

International expansion
ICT Group already services an international group of customers. Although we strongly believe that servicing our customers abroad does not necessarily require local presence, we are selectively looking at a number of regions in Europe where physical presence would be an advantage. For this reason, we opened an office in Belgium in the autumn of 2017.

Challenges ahead
Industry growth will be driven by multiple trends in 2018 and beyond, including the advent of Digital Transformation and blockchain technology. The battle for talent will continue and remains the biggest barrier to continued high growth rates. However, this will not prevent ICT from maintaining the highest standards, and we will continue to focus on quality rather than volume. The ICT workforce of more than 1,000 colleagues includes over 30 nationalities. We will continue to recruit highly-skilled professionals from all over the world. Another industry-wide challenge related to the shortage of highly-skilled people is to balance the increase in salaries with an increase in rates.

Outlook
The rapid pace of technological developments requires a certain critical mass to operate at the forefront of these developments. This is why growth is once again our key objective for 2018. We will do this through our buy and build strategy and by constantly reinforcing our partnerships and entering into new collaborations. We try to do better each and every day, by continuously training and developing our people and by improving the performance and the quality of the products and solutions for our clients.

We could not make this happen without the dedication of our employees with their passion for technology. I would like to express my gratitude to everyone within ICT who contributed to our results this year, and I look forward to continue together to make the world a little smarter every day.

Jos Blejie
CEO ICT Group

STRATEGY AND VALUE CREATION

WE ARE A TECHNOLOGY & SERVICES PROVIDER MAKING THE WORLD A LITTLE SMARTER EVERY DAY

The world is in the midst of the next industrial revolution, driven by technology-based innovations. Innovations that offer opportunities and may radically alter industries, but at the same time add complexity due to the multitude of automated systems that increasingly communicate and exchange more and more data with each other. The analysis of 'big data' might provide insights to optimise decision making. These trends and developments can be classified as digital transformation. This digital transformation is happening everywhere, in every sector and industry and in this ongoing evolution digital security is crucial.
ICT is positioned at the convergence of sensor technology, connectivity technology, cloud technology, block chain technology, data analysis and data communications. With this we help our customers to seize the opportunities offered by this technological revolution and support the digital transformation of our customers, in a safe and secure manner.
ICT has clearly identified the areas in which its range of expertise has the highest impact and where its proffered solutions provide the highest added value for its customers. This focus enables ICT to further enhance its technological expertise and its innovative capabilities. ICT focuses on:

Smarter Industries
ICT helps to create intelligent manufacturing technology solutions, supporting the digital transformation and the continued robotisation of industry. This enables more efficient use of natural resources and helps to reduce waste materials, which in turn increases the sustainable and economic use of natural resources. ICT Group provides innovative software solutions that form the connection between all the links in the chain, from raw materials supplier to end customer. These solutions include intelligent sensors, machine-to-machine communication, advanced process control, robotisation, manufacturing execution and intelligence and big data analytics.
ICT takes the initiative in this field, among others by connecting parties in the market, creating the scale and scope for sustainable and future-proof innovation.

Smarter Cities
ICT wants to enhance the quality and performance of urban services, which generally goes hand in hand with reducing costs and resource consumption. ICT's solutions enable cities to handle the complexity of increasing population due to ongoing urbanisation. Cities are increasingly facing challenges in the area of water, energy, mobility, waste and the environment. These challenges call for smarter cities in which people, authorities, companies, machines and even products are connected to one another, exchanging information and interacting in real time. ICT provides solutions to meet these challenges, by providing smart software solutions, enabling fast, affordable and safe connections within and between infrastructural, logistical and distribution networks. Connections that ensure that the right information is available at the right place and at the right time for citizens, companies and managers, enabling the optimal coordination of all urban flows. These solutions can be applied for, among others, drinking water supply, waste processing, solar energy and traffic and transport. This is how ICT contributes to the sustainability, efficiency and smartness that heavily populated areas need to face the challenges of tomorrow.

Smarter Health
ICT has developed software solutions to enhance the exchange of data in the healthcare sector, enabling synoptic reporting and faster diagnosis, increasing efficiency in healthcare. These solutions lead to cost reductions, but also increase comfort and safety for patients and leverage available medical resources.
For instance, ICT is active in the field of pregnancy monitoring for women with health issues that is vital in the prevention of child mortality. ICT provides a tool for home monitoring, which is far more cost effective than monitoring in the hospital, making life easier for the pregnant women and giving them more peace of mind.

Longer term objective
Our strategic plan and execution are not set in stone. As the pace of technological development and change increases, we need to be agile to respond accordingly. We will therefore appraise our long term strategy annually against our ambitions as well as new developments and trends to assess if our strategy needs tweaking or revisiting. It is part of evolving and transforming into a full service provider.

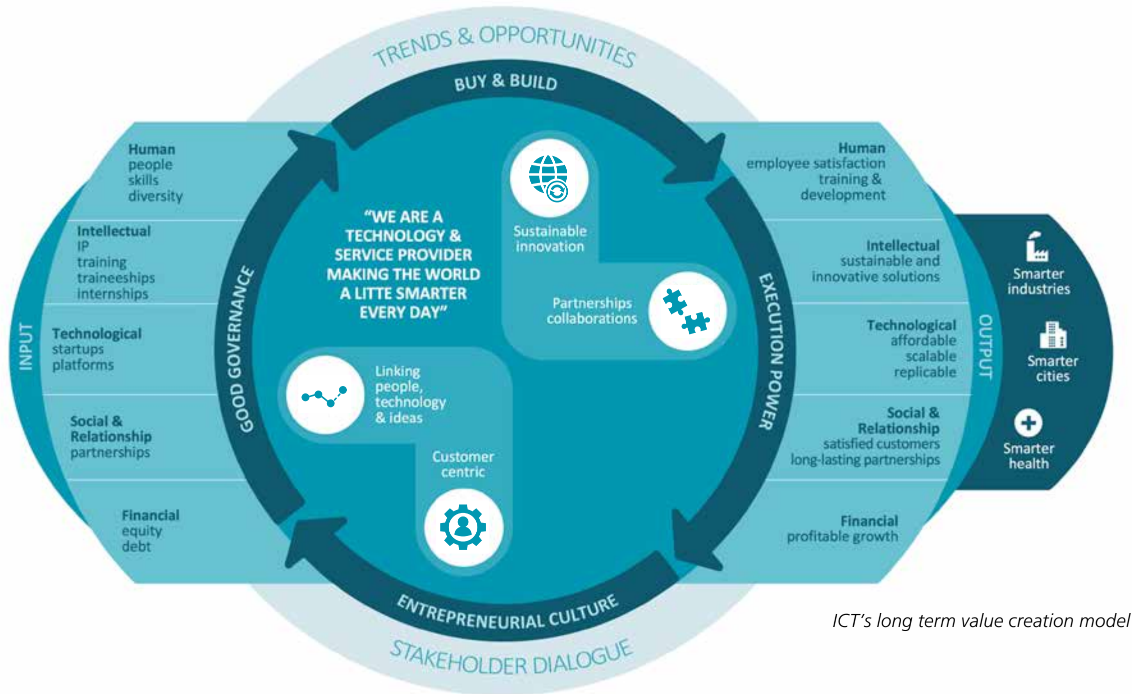
The pace of technological developments makes it essential that ICT grows. The ability to respond swiftly requires a certain critical size of about € 150 to 200 million, to which ICT aims to grow over the coming years.

VALUE CREATION MODEL

Creating value
ICT aims to make the world a little smarter every day. ICT has evolved from being a leading software integrator to become a total technology & service provider. ICT focuses on growth in its total suite of capabilities: from engineering design to the operation and maintenance of delivered systems. This enables ICT to offer a wide variety of one-off products and services specified by the customer, as well as in-house developed software as a service, all delivered securely to customers for many years. As part of its transformation into a total solutions provider, ICT revisited and reiterated its value creation to stakeholders and shareholders using the value creation model as proposed by the IIRC (International Integrated Reporting Council). The model depicted below provides insight into the relationships and capital (human, intellectual, technological, social & relationships and financial) we use in our business model to create value in line with our four strategic pillars, depicted in the heart of the model: linking people, technology & ideas, customer centric, sustainable innovation and partnerships & collaborations.

Linking people, technology & ideas
ICT's success is highly dependent on the people working within the company. It is the people that make the difference in delivering value to our customers. The ability to attract and retain the right people is a key driver of growth. ICT strives to be an employer of choice by nourishing a culture of entrepreneurship. ICT challenges its people to perform to the very best of their ability and seize the opportunities the group offers. ICT's core values are instrumental in this, as they embody ICT's identity as an employer. Entrepreneurship, freedom to act, dedication to customers, expertise, innovation and, of course, business knowledge in combination with the awareness of technological challenges are all part of the ICT identity. ICT invests in training and development and encourages its professionals to continuously develop their talents and skills. Through its HR policy and strategy, ICT ensures that its employees are equipped with the knowledge & expertise required to remain the partner of choice for its customers.

Customer centric
ICT aims to help its customers get smarter every day in every product, process or application. To deliver on this promise, ICT needs to understand its customers deeply, and collaborate intensively with them at numerous levels. From an internal perspective, ICT offers an agile and flexible operating environment in which its professionals can continuously engage in change, development and the implementation of new business ideas, solutions and structures. Due to its understanding of its clients' needs, ICT can translate new and innovative technologies into relevant business solutions, and introduce these solutions in the heart of its customers' operations in a safe and secure manner.



ICT's long term value creation model

Sustainable innovation

Within its focus areas, ICT services a wide range of industries, with multidisciplinary teams leveraging the knowledge and expertise of individual industries. In doing so, ICT combines the strength of focusing on specific areas with the learning curve in multiple industries. This is also enabling ICT to gain the scale it needs to fuel its R&D activities and stay at the forefront of technological developments. The geographical mix enables ICT to combine creativity in design in its core market, the Netherlands, with development capabilities in its near-shoring location in Bulgaria. As a result, ICT can offer repeatable and scalable solutions, addressing the growing demand of its customers for affordable and proven solutions.

Partnerships & collaborations

Given the need to adapt and respond quickly to the rapidly changing environment, it is no longer possible to work solely on a standalone basis; partnering is essential in such an environment. ICT collaborates intensively with customers and partners, both reputable globally operating corporations and lean start-up companies embracing leading edge technologies. ICT's strong partnerships with a large number of universities and colleges also help ensure the high level of knowledge within the company and play a key role on this front.

How do we enable our strategy?

ICT has identified four drivers that enable the four strategic pillars described above. These drivers are:

Buy & Build

ICT pursues growth both organically and through acquisitions. ICT has a buy and build strategy, aimed at expanding its current distinctive niche position. Acquisitions are an integral part of increasing scale or enhancing knowledge in distinctive niche areas.
ICT's growth strategy drives its mission to become the European Technology Solutions and Services provider (TSP) in defined markets, characterised by a passion for its customers. Increasing the offering of replicable and scalable solutions in which ICT takes full integral project responsibility drives organic growth. ICT's ability to recruit and retain the right people is critical for organic growth.

Entrepreneurial culture

ICT has a well-defined identity and corporate values. Entrepreneurship and freedom to act are at the heart of ICT's identity. ICT's goal is to create an environment in which people are challenged to continuously develop their strengths and in which they feel safe enough to make mistakes, as this is one of the most powerful learning mechanisms. ICT encourages its people to look beyond boundaries, to find new solutions and think outside the box. Also from a culture perspective, ICT prioritises the integration of acquired companies to ensure that new colleagues feel part of ICT and act in line with its core values. Furthermore, one of the main criteria in ICT's acquisition strategy is that there has to be a cultural fit and mutual respect for knowledge, skills and working methods.

Execution power

ICT has a clear focus on what we try to accomplish every day: 'making the world a bit smarter'. Having a flexible and agile organisation is essential to engage, develop and implement new business ideas and solutions. Our lean structure, with multidisciplinary client and industry-focused teams, enables effective and swift execution. We have uniform systems and processes in place. Even while working independently, our teams share the same tools, processes, working methods and KPIs. This helps us to implement new business ideas and solutions in a predictably efficient and effective manner.

Good governance

ICT's governance framework includes a code of conduct, a clear set of business principles and clear corporate governance practices. Management creates and maintains a culture of integrity and ethical behaviour by setting the right tone at the top and leading by example. The framework of business ethics is clearly communicated and procedures are in place to safeguard adherence to and compliance with principles and policies.
ICT makes every effort to create a positive, transparent working environment that is free from discrimination, harassment and/or intimidation and in which all employees have equal access to information and opportunities.
ICT is committed to creating a diverse culture with open and honest communication.

STRATEGY EXECUTION 2017 AND FOCUS 2018

Progress in 2017

Last year, ICT passed the milestone of 1,000 employees as a result of acquisitions, hires and a below industry average attrition rate. In an employment market characterised by an ever-growing shortage of IT talents, it is crucial to have an appealing profile as an employer. ICT professionals choose ICT primarily because of the challenging projects and entrepreneurial working environment. Training opportunities and the internal sharing of knowledge are also important. Over the past year, ICT prioritised knowledge sharing between our units, through mutual projects, knowledge sharing workshops, etc. Well-being is another key driver in the retention of employees. In 2017, ICT invested in generating workspace that is conducive to the well-being of its employees, by opening a new office location in Oosterhout and by upgrading existing office locations. The multiple office locations mean that employees can work closer to home, helping them to achieve a better work-life balance. Furthermore, the upgraded office space is being equipped with modern ergonomic office furniture, together with collaboration and social spaces.

In 2017, ICT prioritised the integration of the acquisitions made over the previous year, to safeguard a proper basis for the consolidation of future potential, without losing focus on driving organic growth.

Integration Nozhup

ICT fully integrated Nozhup, a company active in process automation in the industry and infrastructure markets, which was acquired in September 2016. With the acquisition of Nozhup, ICT gained significant scale in its activities in the industrial automation market, and also widened its customer base in this market. The integration of Nozhup has led to a more powerful organisation, enabling ICT to move further up in the value chain.

Further acquisitions

In June 2017, ICT acquired High Tech Solutions B.V. (HTS), a well-respected industrial automation project and services provider based in the Netherlands. HTS employs 25 professionals with an HBO / academic level background. HTS delivers consultancy services in various markets within the domain of Smarter Industries.

In November 2017, ICT signed a letter of intent to acquire 100% of the shares of NedMobiel B.V., a Dutch expert consultancy company for complex infrastructures, such as tunnels, bridges, water locks, motorways and mobility solutions. The fields of expertise of NedMobiel include (tunnel) safety, asset management and project management. The company's 27 highly educated and experienced advisors and project managers cover the full spectrum from strategy to operations.

On 5 February 2018, ICT Group signed a letter of intent the remaining 50% of the shares in InTraffic from joint venture partner Movares. Acquiring InTraffic in full will allow ICT to strengthen its position in its strategic theme 'Smarter Cities'.

Digital transformation

A key strategic theme, interwoven with all other key trends throughout ICT's activities, is digital transformation. ICT has therefore set up a dedicated Digital Transformation Unit. This is a team that works across all sectors and industries, providing business intelligence, mainly derived from algorithms and big data analysis. The combination of profound Digital Transformation expertise and the deep knowledge of those industries help create ICT's unique proposition.

Focus in 2018

Growth will again be the main focus for 2018. Our growth path is defined by our strategy; in 2018, ICT will continue to focus on the further execution of this strategy, aimed at organic growth combined with add-on acquisitions.

ICT aims to grow organically by 5% per annum. ICT's performance in the last four years demonstrates its ability to deliver on this target. As the company has clearly achieved a substantial position in Smarter Industries, fuelled in part by the acquisition of Nozhup, the focus of our acquisition strategy in 2018 will be increasing our size in Smarter Cities and Smarter Health. ICT will continue to be disciplined and cautious in its acquisition strategy.

Further expansion of the digital transformation activities will also be a key priority for 2018. The focus will more and more be on building innovative solutions in-house. Again in 2018, we will work hard to create all the right conditions to take further steps in our transformation into a total solutions provider.

STAKEHOLDER ENGAGEMENT

Stakeholder dialogue

At ICT, we interact with many people, but we define our stakeholders as those who have an impact on the activities of ICT and its group companies, or who are impacted by ICT. We make a distinction between those that are more directly in our sphere of influence, including our employees, customers, business partners and investors, and those who are not, such as government bodies, industry associations and social partners.

SmartFleet helps rail companies to increase rolling stock availability

Global technical consultancy firm Ricardo needed to have a service to globally scale their knowledge. The new service should bring more value to its current customers, but also open the opportunity to expand to new customers and unconventional business models. ICT Group developed a solution that transforms decades of Ricardo's experience into a digital service: SmartFleet. This Microsoft IoT Suite platform brings together a wide range of data streams available from operational rolling stock and presents them in clear and precise intelligence reports.

SmartFleet enables maintenance teams to schedule their depot engineers with full knowledge of the work required. Thanks to SmartFleet the technical reserve of rolling stock is reduced by 15%. By tracking repeated failure patterns, the service also helps engineers to tackle the root cause of failure, rather than resorting to temporary fixes due to time pressure to get rolling stock operational. This leads to greater overall fleet reliability. Finally, SmartFleet's real-time dashboard reveals exactly how a problem occurred, enabling maintenance teams to address the underlying root cause. This results in a decline of unplanned maintenance work with 20%.

THE CHALLENGE:

Global technical consultancy firm Ricardo wants to help rail companies reducing the failure of their trains and shorten the repair times.

THE SOLUTION:

With SmartFleet ICT Group developed a platform that analyses and uses data from train equipment to optimise the maintenance planning and repairs.

We are in regular dialogue with our stakeholders. The relevance for ICT and the form of dialogue differs per stakeholder group. The following table gives an overview of our stakeholders, their expectations and how we engage with them. The Executive Board is actively involved in the dialogue and regularly discusses key aspects of our strategy and the stakeholder's expectations.
Stakeholder engagement has always been part of ICT's way of doing business, as partnerships are vital to the execution of the company's strategy. Furthermore, ICT has conducted employee and customer satisfaction studies for many years. Discussions with shareholders and credit institutions have been a fixed item on the agenda since ICT's IPO many years ago. However, none of these dialogues were specifically aligned with a structured stakeholder engagement framework. In the past year, we took the first steps towards structuring our engagement with stakeholders. The dialogue was more explicitly focused on identifying what our stakeholders see as material in terms of how they view and interact with ICT.

In the year under review, the Executive Board held discussions with a number of employees on this specific topic and they also discussed material topics with the works council. Furthermore, the employee satisfaction survey clearly shows that we are increasingly meeting our employees' expectations.

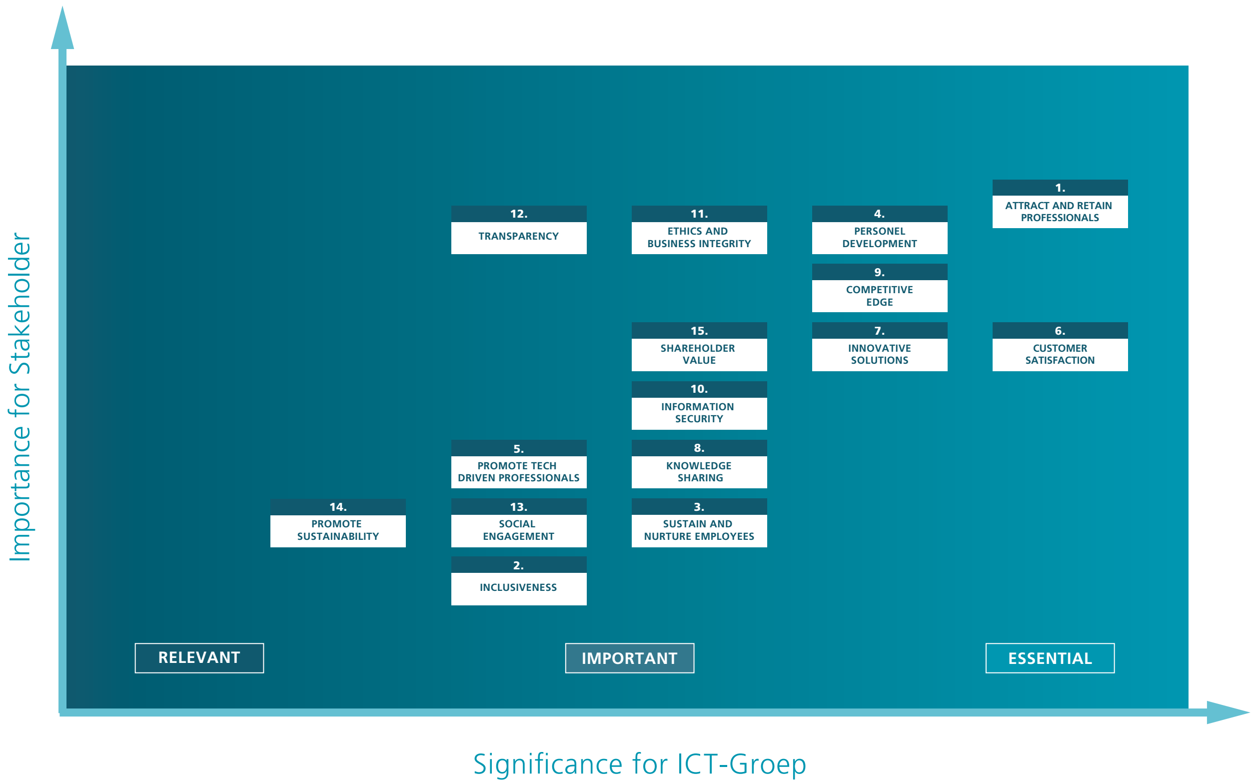
During one-on-one meetings with a number of shareholders, the Executive Board discussed and validated its assessment of material topics. On the customer front, this was integrated in our regular and frequent ongoing contacts. We plan to further structure the dialogue with various stakeholders in the coming years.

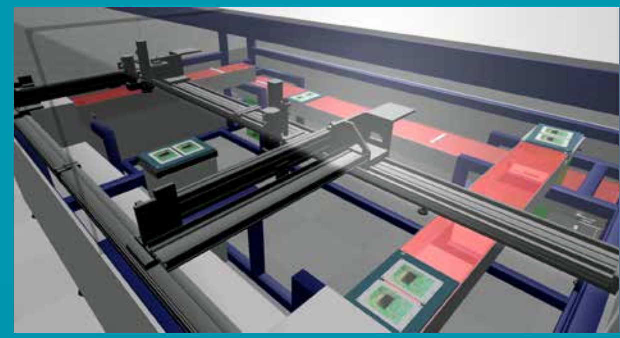
	Important Elements	Expectations of the stakeholders	How we engage
Employees	Employees are vital in how we create value. Essential for our intellectual capital.	- Good employer - Good terms of employment - Challenging projects and development opportunities - Pleasant workspace - Training programmes to increase knowledge	- Day-to-day contact - Employee satisfaction surveys - Town hall meetings
Students	As the challenge for talent continues, new potential talents are crucial.	- High-quality and challenging internships and graduation assessments - Good supervision and mentoring by ICT professionals - Potential career opportunities	- Information days - Internships - Hackathons, etc.
Customers	Our customers buy our solutions and services.	- Quality - Commitment - Innovative solutions that meet customers' demands - Sustainable solutions	- Day-to-day contact - Customer (satisfaction) surveys - Participation in trade shows - Workshops and training
Business Partners	Partnerships play a key role in our innovative capabilities.	- Long-term relationship - Trust	- Day-to-day contact - Workshops and training - Co-creation
Suppliers	Procurement of products and services for our operations.	- Long-term relationship - Fair price	- Day-to-day contacts - Technical visits and meetings
Investors/analysts and credit institutions	Provide the financial capital needed to do business and execute our strategy.	- Return on investment - Long-term value creation - Transparent disclosure - Good corporate governance - Financial prudence	- Website and annual reports - AGM - Road shows - Results announcements and meetings - Regular market feedback surveys
Universities	Knowledge sharing and pool for new talent.	- Knowledge - Good educational capabilities - The right assignments for its students	- Website - Career Information Days - Seminars and Hackathons, etc.
Regulatory and industry bodies	Keep us focussed, on compliance with relevant regulations, can act as facilitator and initiator for new sustainable solutions.	- Compliance with regulations - Adhere to standards - Act as a responsible company - Good corporate governance	- Annual reports and website - Specific meetings

MATERIALITY MATRIX

Based on input from both internal and external stakeholders, we have identified the material topics. The materiality matrix below plots these topics against our strategy to assess which topic can be considered most important to our stakeholders and to us. On a yearly basis the Executive Board, will, together with the Supervisory Board continue to review these significant economic, environmental and social topics and their potential impacts, risks, and opportunities.

For each material topic, we have defined policies and/or measures and KPIs. For some topics, the KPIs are per definition very qualitative but where possible we have tried to quantify the KPIs. We have also tried to define targets for these KPIs as much as possible. The following table provides further details on each material topic, as well as a reference to where additional disclosures regarding these topics are included in this report.





Design error-proof software faster with Cordis Suite

Cordis Suite is a practical toolset that is used to design software according to the principles of Model Driven Engineering. Cordis Suite is particularly suited for control logic for high-tech machines such as medical equipment or 3D printers, but can also be used for infrastructural systems such as bridges and tunnels or climate control systems in buildings ('smart buildings').

ICT Group is one of the first software companies to specialise in this new method of software development. Model Driven Engineering (MDE) is a design method that can save a lot of time and money and improve efficiency. In Model Driven Engineering, everyone involved in a project works together in a single functional model. This improves coordination between stakeholders, which in turn leads to a software solution with fewer bugs.

Model Driven Engineering differs from traditional software development in two ways. First of all, the functional model automatically generates computer code. The second difference is the use of simulated hardware: the digital twin. This makes it possible to runs tests and generate feedback in the early stages of the project, which reduces pressure to make deadlines.

THE CHALLENGE:

Companies have to be able to rely on complex and robust software. However, it is easy to make mistakes, which cost extra time and money. How do you develop error-proof software?

THE SOLUTION:

ICT Group develops software with Cordis Suite according to the principles of Model Driven Engineering. With this toolset, everyone involved in a project works together in a single model, keeping errors to a minimum. This saves time and money.

CONNECTIVITY MATRIX

	Material topics	Strategy	KPI	Information on page
1	Attract and retain highly skilled and dedicated professionals		Staff attrition and retention	ICT – an ambitious employer
2	Inclusiveness: offering opportunities for all talents		% employees male / female	ICT – an ambitious employer
			# of nationalities	ICT – an ambitious employer
			% of employees received regular performance and career development reviews	ICT – an ambitious employer
3	Sustain and nurture well-being of employees		Employee satisfaction	ICT – an ambitious employer
			Absenteeism/parental leave	ICT – an ambitious employer
			Health & safety incidents reported	ICT – an ambitious employer
4	Provide opportunities for employees for personal development, training & education and entrepreneurial career paths		# hours spent on training	ICT – an ambitious employer
			Hours education on average per FTE	ICT – an ambitious employer
5	Promote technology driven professions for students & young professionals		# internships and assignments offered to students	ICT – an ambitious employer
6	Optimise customer satisfaction		Customer satisfaction	Operational review
7	Develop innovative solutions for customers, driving digitalisation		% R&D innovation spent from added value revenues (revenues – cost of goods sold)	Operational review
8	Stimulate knowledge sharing between professionals, business units and ICT's stakeholders		Partnerships with universities and colleges	Operational review
			Training and education provided to customers	Operational review
9	Maintain competitive edge		R&D innovation outlay	Operational review
10	Safeguard information security and data privacy in provided solutions		Certifications obtained	Risk section
11	Maintain high standards of ethics & business integrity		Extent and nature of incidents reported with regard to ethics/business principles (misconduct reporting)	Corporate governance
12	Conduct business in a transparent manner		Extent and nature of compliance violations	Sustainability section
13	Encourage social engagement, encourage employees to engage in meaningful initiatives		Budget/# hours for social initiatives	Sustainability section
14	Promote sustainable, economic use of natural resources		CO_2 reduction per FTE	Sustainability section
15	Create shareholder value		Share price development	Shareholder information
			Dividend pay-out	Shareholder information
			EBITDA / Net profit	Key figures
			Revenue growth	Key figures

Linking people technology and ideas
Sustainable innovation
Customer centric
Partnership & collaboration
Transcending strategy

KEY KPI TABLE

Progress in 2017

KPI	Targets	Target achievement	2017	2016
HRM:				
Number of new hires in FTE (excluding acquisitions)	5% autonomous growth per year – net of hires and leavers		176	173
Number of leavers in FTE (excluding acquisitions)			131	108
% Female FTE vs. total FTE	Continuous improvement of gender diversity / at least 10%		9,8%	9,6%
Employee satisfaction	Minimal employee satisfaction 7.0		7.1	7.0
Average training hours per employee	Minimum 25 hours		30	27
Clients:				
Customer satisfaction	Minimal customer satisfaction 7.0		7.9	7.6
% revenue from professional services	70% revenue from professional services		87.5%	89.4%
% revenues from solutions / products	30% revenue from solutions / products		12.5%	10.6%
% R&D innovation spent from added value (revenue minus cost of goods sold)	1.5% to added value		1.5%	1.0%
Environment:				
Emissions per FTE in tonnes of CO_2	2% CO_2 reduction per year		4.7	4.9
CO_2 performance ladder	Minimum level 4		4	3

SHAREHOLDER INFORMATION

General
ICT Group N.V. (ICT) is listed on the official market of the NYSE Euronext Amsterdam N.V. Stock Exchange (ICT.AS) since 1997. The nominal value per share amounts to € 0.10. On 31 December 2017, the number of issued ordinary ICT Group N.V. shares amounted to 9,411,301 (2016: 9,288,309).

Major shareholders
Under the requirements for disclosing control and participation interests, any holdings in a company's issued share capital of 3% or more must be reported to the Netherlands Authority for the Financial Markets (AFM). As far as ICT is aware and on the basis of the AFM's Disclosure of Major Holdings in Listed Companies Act [Wet melding zeggenschap (Wmz)] register, the following investors have a holding of 3% or more in ICT.

Shareholders	participation in %	Date of last report
Teslin Participaties Coöperatief U.A.	15.27	6-7-2017
FMR LLC	9.63	1-1-2016
J.H. Langendoen	5.49	24-5-2013
Invesco Limited	5.39	21-3-2016
Navitas B.V.	5.26	1-11-2006
Mavawe B.V.	5.14	16-2-2015
Decico B.V.	5.01	1-11-2006
P.C. Van Leeuwen	4.57	18-2-2016
A.J.H. Quellhorst	4.25	3-10-2017
Herapos B.V.	3.76	15-12-2017
Lazard Frères Gestion SAS	3.53	16-4-2014

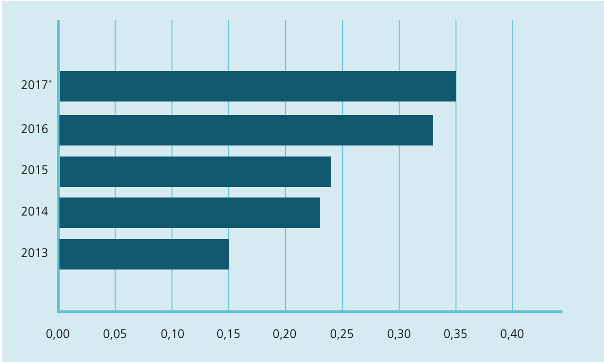
The share in 2017

Closing prices in euro	2017	2016	2015	2014	2013
Highest share price	14.30	10.86	8.80	6.05	4.87
Lowest share price	9.92	7.50	5.74	4.62	2.87
Share price as at 31 December	13.48	10.25	8.40	5.81	4.75
Dividend as % of the share price as at 31 December *	2.60	3.22	2.86	3.96	3.15
Price/earnings ratio (end financial year)	24.07	18.30	20.49	10.38	8.48
Market capitalization as at 31 December (x € 1 million)	126.9	95.2	73.5	50.8	41.6

*) 2017: based on the proposed dividend

Dividend policy
ICT has a transparent dividend policy. The Company aims to pay out 40% of its net profit as dividend. The other 60% is added to the retained earnings. ICT uses this retained profit to finance further growth.

Historical dividend per share



* proposed dividend

Investor relations
ICT pursues an open information policy towards investors and other parties with a (financial) interest in the Company. This is aimed at providing them with clear and timely information on the Company's strategy, the current developments relating to the Company and the markets in which it operates.

ICT organizes meetings with (major) shareholders, analysts and the media for the presentation and explanation of the annual and interim results. ICT observes a "closed" period during which no discussions are held with investors and analysts. This pertains to a 2 months' period prior to the publication of the yearly results and a three-week period prior to the publication of the quarterly and half yearly results.

In the course of the year and outside the closed periods, members of the Executive Board regularly have one-on-one meetings with major shareholders and institutional investors. The company website www.ict.nl provides relevant information (press releases, financial data) for investors.

Prevention misuse of insider information
ICT has rules governing the reporting of transactions involving ICT Group N.V. securities by its Supervisory Board, Executive Board and other appointed persons, including staff, the management and a number of permanent advisors. ICT has also appointed a compliance officer, who is responsible for supervising compliance with the rules and regulations, and communication with the Dutch Financial Markets Authority.

Financial Calender 2018	
25 April 2018	Trading update first quarter
09 May 2018	General Meeting
22 August 2018	Publication of first half year results 2018 and analyst meeting
24 October 2018	Trading update third quarter

Financial Calender 2019	
01 March 2019	Publication annual results 2018
24 April 2019	Trading update first quarter 2019
15 May 2019	General Meeting
21 August 2019	Publication of first half year results 2019 and analyst meeting
30 October 2019	Trading update third quarter

MEMBERS OF THE EXECUTIVE AND THE SUPERVISORY BOARD

Members of the Executive Board

Name	Mr. J.H. Blejie (1959)
Nationality	Dutch
Position	CEO and Chairman of the Executive Board
Ancillary positions	None

Name	Mr. W.J. Wienbelt (1964)
Nationality	Dutch
Position	CFO and member of the Executive Board
Ancillary positions	None

Members of the Supervisory Board

Name	Mr. Th. J. van der Raadt (1953), chairman (as from 30 May 2011)
Nationality	Dutch
Position	Director, JnM Beheer B.V.
Main ancillary positions	Chairman of the Supervisory Board of Shared Stories Group B.V., Utrecht Member of the Supervisory Board of Remeha Group B.V. (BDR Thermea), Apeldoorn
Initially appointed in	2011
Re-appointed	2015
Current term until	2019

Name	Mr. F.J. Fröschl (1951)
Nationality	German
Position	CEO, HI TEC INVEST
Main ancillary positions	Chairman of the Supervisory Board of Intive, Poland Senior advisor of the investment bank Armapartners, London, United Kingdom
Initially appointed in	2011
Re-appointed	2015
Current term until	2019

Name	Mr. D. Luthra (1950)
Nationality	Indian
Position	Director, Nogunoglor Holding BV
Main ancillary position	Member of the Board of Advisors, Van Weelde Shipping Group
Initially appointed in	2012
Re-appointed	2016
Current term until	2020

Name	Mr. J.A. Sinoo (1953)
Nationality	Dutch
Position	Managing Partner at Grant Thornton Executives B.V.
Main ancillary positions	Chairman of the Supervisory Board of MaxGrip BV, Utrecht Chairman of the Raad van Toezicht, CVO Groep, Driebergen
Initially appointed in	2010
Re-appointed	2014
Current term until	2018

Mr. J.H. Blejie

Mr. W.J. Wienbelt

Mr. Th.J. van der Raadt

Mr. F.J. Fröschl

Mr. D. Luthra

Mr. J.A. Sinoo

REPORT OF THE EXECUTIVE BOARD

THE NEXT LEVEL

In 2017, ICT moved to the next level in a number of ways. We passed the revenue threshold of € 100 million and the milestone of 1,000 employees. ICT worked diligently on the integration of the acquisitions it made over the past year and strengthened its organisation.

OPERATIONAL REVIEW

A more powerful organisation

In 2017, ICT significantly strengthened its market position in industry and vital infrastructure through the acquisition of Nozhup and High Tech Solutions B.V. ("HTS").

ICT acquired Nozhup in September 2016 and completed the full integration and legal merger into ICT Netherlands at the end of the first half of 2017. In June 2017, ICT acquired HTS, a well-respected industrial automation project and services provider based in the Netherlands. HTS employs 25 professionals with HBO / academic level qualifications. HTS delivers consultancy services in various markets in the Smarter Industries domain. As part of the integration process of HTS, ICT finalised a legal merger on 1 January 2018.

These acquisitions put ICT well on track to become one of the largest Industrial Technology players in the Netherlands. The integration of Nozhup and HTS, combined with continued investments in the organisation, resulted in a more powerful organisation – ready to take sustainable growth to the next level.

Divestment Strypes Nederland

In October Strypes Bulgaria agreed to divest its minority stake (25%) in Strypes Nederland to the existing shareholders. As a consequence, transfer of the shares took place early November. As part of this agreement Strypes Bulgaria and Strypes Nederland will continue their collaboration.

NedMobiel

In November of last year, ICT signed a letter of intent to acquire 100% of the shares in NedMobiel B.V., a Dutch expert consultancy company for complex infrastructures, such as tunnels, bridges, water locks, motorways and mobility solutions. NedMobiel's fields of expertise include (tunnel) safety, asset management and project management. The company's highly-educated and experienced consultants and project managers cover the full spectrum of expertise, from strategy to operations. NedMobiel will work closely with ICT Netherlands' business units Water and Infrastructures and Engineering Contractors and will benefit from ICT's strong position in the national rail, road, water and infra sectors.

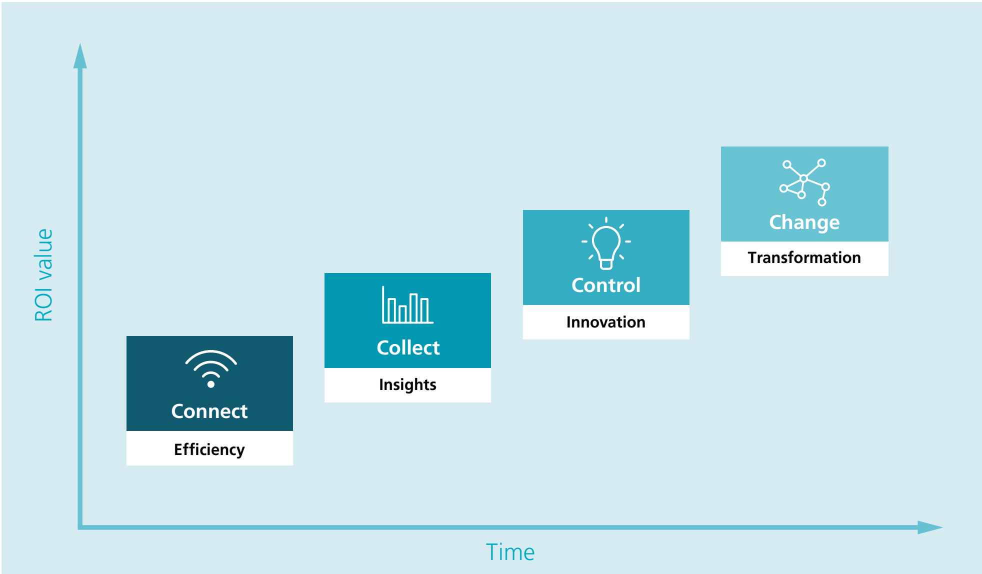
Innovation

ICT is uniquely positioned thanks to its complete grasp of the potential uses of sensor technology, cloud technology, data analysis and data communications to help customers seize the opportunities of the current technology revolution and to help its clients to make the necessary digital transformation. ICT's technology-based solutions are critical to the competitive edge of its customers. ICT's long-term success depends on its ability to innovate and respond to the changing demands from the market and the society. This is why we aim to invest 1.5% of the added value in R&D, so we can stay at the forefront in driving our customers' digitalisation. In 2017, ICT invested 1.5% of the added value in R&D, with the main focus on expanding its Digital Transformation solutions.

Digital Transformation

Digital Transformation was the main focus of ICT's R&D activities in 2017. ICT developed a pragmatic 4C Digital Transformation model as the starting point for companies to move to a digital business model. This model has four levels: Operational efficiency, Enable insights, Business Innovation and Business Transformation.

- Connect Connecting devices through the internet (IoT) and field staff to reduce costs and increase operational efficiency.
- Collect: Collecting data and transforming this data into management information to enable insights.
- Control: With all this new management information, you can truly start with business innovation.
- Change: Transform and create new business models by creating value through the development of new services.



To roll-out the digital transformation model and propositions, ICT developed a dedicated structure to fully leverage its knowledge in this field. The company set up two Digital Transformation business units. One DT business unit is based on ICT's in-depth knowledge of sensor technology in combination with the knowledge of its customers' industries. The other business unit is focused on the continuous improvement of our customers' mobile workforces.

The development of new services based on artificial intelligence is one of the spearheads in the Digital Transformation team. ICT is collaborating with Microsoft and Cisco, to continue the development of Internet of Things applications to further digitise the industries segment.

Customer Centric

Maintaining technological leadership and competitiveness is one of the key themes in ICT's strategy. We have learned from our years of experience that specialised knowledge of these industries is just as important as our expertise and our exceptional knowledge of industrial automation and technology. This is why ICT is structured into dedicated business units. Just as importantly, this focus on specific areas enables ICT to continue to enhance its technological expertise and its innovative capabilities, helping to make ICT a reliable partner with high added value for both customers and business relations along the entire chain.

ICT's ambition is to serve its multinational clients outside the Netherlands, too, and we will pursue this ambition gradually in our growth strategy. In November 2017, ICT Group opened a new office in Aartselaar, Belgium.

One of the insights we gained from customer feedback in 2017 was how much our customers appreciate ICT's approach to delivering solutions and living up to its promises. Our customers clearly identified ICT's dedication to deliver, always, as a distinctive element of our customer approach. We also aim to either meet or exceed our customers' expectations, whatever it takes. ICT invests a great deal in engaging intensively with its customers so we can really understand their needs and the issues they face.

ICT has been measuring its customer satisfaction for several years and our 2017 customer satisfaction survey showed higher scores across all measured items. The overall score increased to 7.9 from 7.6 in 2016. In addition, ICT makes use of a Net Promoter System (NPS) based survey. The Net Promoter Score (NPS) is a management tool that can be used to gauge the loyalty of a company's customer relationships and serves as an alternative to traditional customer satisfaction surveys. In 2017, ICT's NPS came in 100% higher than in 2016.

Partnerships

In the past year, ICT deepened its collaboration with customers and partners even further.

We intensified our partnerships with Microsoft and Cisco, mainly in the field of Digital Transformation. ICT was one of the launch partners for Microsoft IoT Central, a new cloud-based Internet of Things application.

Another example of a successful partnership was the development of the revolutionary technology that automatically recognises and classifies damage to the asphalt on roads. This new technology is the result of intensive collaboration between the Infra division of BAM NV, the large Dutch multinational construction company, and ICT Group.

Last year, ICT set up CoLab as an extension to the "Council of 20", a group of young professionals under the age of 30 that ICT Group installed in 2015. While the goal of the Council of 20, as a group of disruptive thinkers, is to come with new ideas to fuel ICT's pipeline of innovations, ICT created CoLab to collaborate with partners, government authorities and educational institutes. CoLab's goal is to create innovative projects and techniques that will make a difference in the future.

CoLab

ICT cooperates closely with universities to attract highly talented staff, including offering internships. As part of this cooperation, ICT offers a number of interesting assignments for graduates, which is an efficient way to attract the best students for jobs at ICT following graduation. Last year 55 students did an internship or assignment within ICT Group: a number higher than ever before.

ICT also aims to encourage interest in technology and to help build the talent pool of the future through its collaboration with educational institutions and by supporting educational initiatives. ICT cooperates with more than 12 universities and colleges. ICT is also collaborating with a number of industry players, including Schneider, Tele2 and Microsoft, to offer high-quality, challenging internships for students.

Market developments 2017

Revenue split per theme (in € millions)	2017	2016	Δ
Smarter Industries	71.1	61.9	15%
Smarter Cities	16.4	11.9	38%
Smarter Health	11.2	11.0	2%
Other	6.3	5.0	26%
Total revenue	105.0	89.7	17%

All sectors within Smarter Industries benefited from an improvement in market circumstances compared to 2016. Some, like Oil & Gas, improved marginally but most industries showed healthy growth in 2017, driven by increased consumer spending.

The Building and construction segment recorded close to double-digit growth, driven by private investments. This generated increased public infrastructure spending by the government from which all vendors active within Smarter Cities benefited.

Last year saw slightly higher spending in the Smarter Health sector compared with previous years. On one hand BMA benefited from the delayed launch of a new generation of foetal heart monitors, which resulted in a substantial increase in revenue. This was however partly offset by lower productivity in the ICT Healthcare business-unit.

ICT Group lays foundation for Remeha's digital transformation

Remeha's challenge is to transform a manufacturer of heating systems into a big data-driven service provider. The heating company wants to use data to gain more insight into the behaviour and use of the central heating system. Thanks to the use of this data, Remeha's installation engineers will be able to offer better advice and help users to predict maintenance requirements.

To gain the desired data, the boilers have been connected to Remeha Connect, which is an IoT platform developed by ICT Group, consisting of Microsoft IoT Suite products in an Azure Cloud. The data from the boiler is processed into reports that provide insight into usage and behaviour. The data is the basis for Remeha Connect, the service the installation engineers use. The predictive maintenance module enables the installation engineers to draw up an optimal maintenance plan. The IoT solution offers end users more flexibility and higher satisfaction, because it helps prevent outages. The Remeha Connect platform also enables Remeha to offer remote services. The company can carry out firmware updates or diagnostics remotely. And, in the future, Remeha can opt to add new functionalities quickly and cheaply.

THE CHALLENGE:

Transform Remeha from a manufacturer of heating systems into a big data-driven service provider.

THE SOLUTION:

With the IoT platform Remeha Connect, ICT Group lays the foundation for Remeha to build its digital proposition.

NOTES TO THE RESULTS

Key figures:

(x € millions)	2017	2016
Revenue	**105.0**	**89.7**
Added value	93.4	79.4
EBITDA	**12.0**	**10.3**
amortisation / depreciation / impairment	3.6	2.9
Operating profit	**8.4**	**7.4**
Financial expenses	(0.5)	(0.5)
Result from joint ventures and associates	(0.4)	(0.8)
Corporate income tax	(1.9)	(1.7)
Net profit from continuing operations	5.6	4.3
Discontinued operations *	-	0.8
Non-controlling interests	(0.4)	(0.1)
Net profit *	**5.2**	**5.0**
Earnings per share	0.56	0.56
Dividend per share (proposal to the AGM)	0.35	0.33

* Net profit in 2016 included a one off deferred tax benefit of € 0.8 million, related to the final liquidation of the ICT Software Engineering GmbH.

Revenue
In 2017, ICT Group's revenue came in at € 105.0 million, 17% higher than the € 89.7 million reported in 2016. Organically, revenue increased by 7%. Acquisitions accounted for 10% of ICT Group's revenue growth. Organic growth was driven mainly by the increase in the number of FTEs, higher average rates and improvements in a number of markets. Added value increased by 18% to € 93.4 million in 2017.

Revenue at ***ICT Netherlands*** increased by 18% to € 81.3 million in 2017 from € 69.0 million in the previous year. Nozhup, which ICT acquired in September 2016, and fully integrated within ICT Netherlands in the first half of 2017, was the main contributor to this increase. Productivity levels were in line with last year. The average tariff increase was in line with the average salary increase.

Strypes Bulgaria ("ICT Nearshoring") reported a 27% increase in revenue to € 9.6 million in 2017, from € 7.6 million in 2016. This increase was recorded at both existing and new clients.

The segment '***Other***' recorded revenues of € 16.4 million in 2017 (2016: € 14.3 million). The slow start of Improve was balanced by its recovery in the second half and the good start to the year for Raster was offset by a more moderate second half. In 2017, BMA benefited from the delayed launch of a new generation of foetal heart monitors, which resulted in a substantial increase in revenue.

Costs/personnel expenses
Personnel costs increased to € 62.5 million (2016: € 52.0 million), as a result of the marked increase in the number of employees and an increase in salaries. Other operating expenses increased by 11%, as a result of recent acquisitions and higher costs for recruitment, office accommodation and a further professionalization of the organisation. The costs related to strategic initiatives and the realisation of acquisitions and partnerships amounted to € 0.2 million (2016: € 0.5 million).

EBITDA
EBITDA for the full year 2017 increased by 17% to € 12.0 million, compared to € 10.3 million in 2016. The increase was mainly due to the higher EBITDA at ICT Netherlands (up 25% to € 8.3 million in 2017, from € 6.6 million in 2016). This was the result of both the organic growth realised and the full year consolidation of Nozhup, plus the consolidation of HTS from June 2017. Strypes Bulgaria recorded higher EBITDA of € 1.9 million (up 12%). In 2017, ICT continued its investments in the organisational effectiveness of Strypes Bulgaria, to safeguard continued and sustainable strong growth of its nearshoring activities. The segment Other recorded EBITDA of € 1.8 million (2016: € 2.0 million). In 2017, Raster experienced margin pressure as a result of the adverse impact of two projects in the second half of 2017, which resulted in substantially lower results. As a result of a good performance in the second half of the year, BMA recorded substantially better results compared to the previous year.

The overall EBITDA margin declined slightly to 11.4% in 2017 from 11.5% in 2016.

Amortisation and depreciation
ICT has valued and is amortising a number of intangible assets, including order backlog, software and the customer relations of its recent acquisitions. Amortisation in 2017 amounted to € 2.7 million (2016: € 2.3 million). Depreciation amounted to € 0.9 million in 2017 (2016: € 0.6 million).

Operating Profit
Operating profit increased 14% to € 8.4 million in 2017 (2016: € 7.4 million). The operating margin came in at 8.0%, compared with 8.2% in 2016.

The results from joint ventures and associates
The total result from joint ventures and associates amounted to a loss of € 0.4 million (2016: € 0.8 million loss). InTraffic contributed € 0.1 million to the results (2016: € 0.2 million).

In November 2017, the minority stake (25%) in Strypes Nederland B.V. (held by Strypes Bulgaria) was divested to the existing majority shareholders. This divestment resulted in a book profit of € 0.2 million.

In 2017, LogicNets' revenue was stable when compared with the previous year. LogicNets did manage to win new reputable customers but the company is still loss-making. ICT still believes in the strategic importance of the platform, but it will take some time before the company realises substantial growth and moves into profit. ICT therefore decided to fully impair its stake in LogicNets in the fourth quarter of 2017. The downward valuation of LogicNets, including our share in its loss for the year, amounted to € 0.5 million.

Interest expenses
Interest expenses came in at the same level as last year at € 0.5 million (2016: € 0.5 million).

Taxes
In 2017, corporate income taxes related to the continuing business operations amounted to € 1.9 million, compared with € 1.7 million taxes in 2016. In 2017 there have been no one-off tax items, whereas in 2016, following the official liquidation of the German activities, taxes from discontinued operations for 2016 amounted to a one-off tax credit of € 0.8 million.

Net profit
Net profit for the full year 2017 came in at € 5.2 million, a slight increase compared to last year (€ 5.0 million). Excluding the one-off tax gain of € 0.8 million recorded in 2016, net profit was up by 24%. Earnings per share amounted to € 0.56 in 2017 (2016: € 0.56). The number of outstanding ordinary shares had increased to 9,411,301 at year-end 2017 (31 December 2016: 9,288,309), due to shares issued for stock dividend and the employee share participation plan.

Cash flow movement
The cash flow from operating activities amounted to € 7.9 million positive in 2017 (2016: € 5.1 million positive). This increase was the result of the growth of the company and the fact that there were no cash tax payments in 2017, as a result of the tax benefits related to the liquidation of the German activities in December 2016. Working capital increased in line with the increased activity levels, as well as the increased average scope of projects. ICT maintains disciplined working capital management.

Cash outflow on investment activities amounted to € 2.9 million in 2017, compared with € 8.4 million in 2016. The purchase price cash consideration for the acquisition of HTS (€ 1.2 million) and investments in office accommodation (€ 1.3 million) had the largest impact. The divestment of Strypes Netherlands had a positive impact of € 0.7 million.

Cash flow from financing activities amounted to € 4.3 million negative (2016: € 2.2 million positive), as a result of the net effect of dividend paid (€ 2.1 million), the repayments of existing acquisition financing (€ 2.6 million) and the proceeds from the issuance of shares (€ 0.5 million cash inflow). The net cash flow amounted to € 0.7 million (2016: € 1.1 million negative).

Balance sheet structure
As a result of the net effect of the payment of a dividend of € 2.1 million, and net profit of € 5.2 million, shareholders' equity increased to € 47.7 million in 2017 (2016: € 43.7 million). The balance sheet total increased to € 81.6 million at year-end 2017, from € 79.2 million at year-end 2016. Solvency (shareholders' equity/total assets) stood at 58% at year-end 2017, compared with 55% at year-end 2016, which represents a sound financial basis.

Dividend proposal
ICT proposes a dividend of € 0.35 per share for the 2017 financial year (2016: € 0.33). The dividend payment is subject to the approval of the Annual General Meeting of Shareholders (AGM) to be held on 9 May 2018. For the calculation of the proposed dividend, the realised net profit is adjusted for the non-cash amortisation amounts and the downward valuation of LogicNets. This results in an adjusted net profit for the full year 2017 of € 8.3 million. The proposed dividend represents a pay-out ratio of 40% of the adjusted net profit. ICT offers an option for payment in cash or in shares.

ICT will determine the dividend payment in shares one day after the end of the optional period on the basis of the average price of ICT shares during the last five trading days of the optional period, which shall end on 28 May 2018. The dividend will be payable, in cash or in shares, on 30 May 2018.

SUBSEQUENT EVENTS

NedMobiel
On 24 January 2018, ICT completed the purchase of 100% of the shares of NedMobiel B.V. The purchase price amounts to € 2.3 million in cash and a contingent consideration will be payable based on the EBITDA that NedMobiel will achieve in 2018, capped at € 0.5 million.

InTraffic
On 5 February 2018, ICT Group signed a letter of intent with Movares and InTraffic to acquire the remaining 50% of the shares in InTraffic from joint venture partner Movares. Following the acquisition ICT Group will hold 100% of the shares of InTraffic. Acquiring InTraffic in full will allow ICT to strengthen its position in its strategic theme 'Smarter Cities'.
InTraffic, located in Nieuwegein, designs and builds applications for Public Transport, Infrastructure Monitoring and Travel Information. The company was founded in 2003 as a joint venture between ICT Group and engineering company Movares. InTraffic generates annual turnover of approximately € 19 million. Closing of the transaction is expected end of March 2018. InTraffic will be fully consolidated as from the closing of the transaction, while currently ICT's 50% stake is reported as 'result from joint ventures'. The purchase consideration for 50% of the shares will be paid in cash.

Outlook
Industry growth will be driven by multiple trends in 2018 and beyond, including the advent of Digital Transformation. ICT sees the continued expansion of its digital transformation activities as a key priority for 2018. ICT will focus increasingly on building innovative solutions in-house. Again in 2018, we will work hard to create all the right conditions to take additional steps in our transformation into a total solutions provider.

In 2018, ICT will continue to focus on the growth of the company, both organically and through acquisitions. As the company has clearly achieved a substantial position in Smarter Industries, the focus of our acquisition strategy in 2018 will be on increasing the company's size in Smarter Cities and Smarter Health. ICT will continue to be disciplined and cautious in its acquisition strategy.

ICT expects its capital expenditures and research & development expenditures to increase in 2018, in line with the increased scale of the company. The battle for talent will continue and attracting and retaining the right people continues to be one of our key priorities.

Based on the above, ICT expects a further growth in revenue and EBITDA in 2018 compared to 2017.

ICT – AN AMBITIOUS EMPLOYER

In an employment market characterised by an ever-growing shortage of IT talents, it is crucial to have an appealing profile as an employer. ICT's well-defined identity makes clear what ICT can and will offer its (future) employees. ICT is keen on maintaining its attractiveness as an employer. ICT conducts an annual employee satisfaction survey and aims to use the outcome to improve its score on a continuous basis. But more importantly, we see the survey as a tool to engage with our employees and to gain the insight necessary to continuously improve the working environment at ICT.

More than 1,000 people
The total number of employees in headcount at year-end 2017 stood at 1,032, 6.5% higher than at year-end 2016, passing the milestone of 1,000 employees.

In the past year, ICT successfully hired more than 213 new ICT colleagues, with 15% of these joining ICT through the companies we acquired in 2017. Of the new people ICT recruited last year, around 36% were young professionals, around 35% were mid-level professionals and around 29% were more experienced senior professionals. The retention rate came in at 86% in 2017, compared with 87% in 2016. In 2017 ICT initiated a retention programme based on regular exit statistics and exit interviews. The retention rate of ICT Netherlands at 87% is above the industry average and in line with our own targets, in a very challenging labour market. In Bulgaria the retention rate is lower (2017: 73%) than in the Netherlands. This is attributable to a lower average employee age and more intensive competition in the young professionals labour market, both increasing the fluidity.

Well-being of our employees
ICT strives to create a healthy working environment where people feel safe and engaged and where they can develop continuously, both personally and professionally. Well-being is a key driver of engagement, and is therefore strongly linked to retention.
ICT Group intends to sustain and nurture the well-being of our employees at various levels, including;
- the company's culture, including ethical behaviour
- employee satisfaction surveys
- the physical work environment
- vitality and work-life balance
- recognition
- engagement initiatives

The company's culture
ICT has a well-defined identity and corporate values. Entrepreneurship and freedom to act are at the heart of ICT's identity. ICT's goal is to create an environment in which people are challenged to continuously develop their strengths and in which they feel safe enough to make mistakes, as this is one of the most powerful learning mechanisms. ICT encourages its people to look beyond boundaries, to find new solutions and think outside the box.

Employee satisfaction
The result of our annual employee satisfaction survey is a key indicator in tracking the level of engagement among our employees. Last year's survey, with a response rate of more than 70% (2016: 73%), revealed that employee satisfaction was stable in 2017, with an overall score of 7.1, compared with 7.0 in 2016, on a scale from 1(poor)-10 (excellent). The survey also identified areas for improvement. ICT uses this valuable input to continuously improve its attractiveness as an employer.

Below industry average absenteeism rate
Absenteeism due to sickness is another indicator that is linked to employee well-being. The absenteeism rate remained low at ICT, coming in at 2.2% in 2017 (2016: 2.4%), and below the average absenteeism rate of around 3% in the countries in which we operate. Maximum vitality is essential to delivering the best possible performance on a day to day basis. That is why ICT has a prevention programme in place: managers and the HR department work together to help employees by learning from every case of absenteeism, so we can help our employees to stay healthy. Professional healthcare support is available and covers a wide range of issues, from psychological help to RSI complaints and more. Given the nature of our work, the number of health and safety incidents reported in 2017 was minimal.

New and improved workspaces
ICT believes that the working environment has a direct impact on employee productivity, performance and morale. In 2017, ICT invested in creating workspaces that are conducive to the well-being of its employees, by opening new office locations and upgrading existing office locations. The multiple office locations mean that employees can work closer to home, helping them to achieve a better work-life balance. Furthermore, we are equipping the upgraded office locations with modern office furniture, plus collaboration and social spaces and sustainable climate controls and lighting systems.

Engagement initiatives
ICT also has several engagement initiatives in place, including a "Council of 20", a group of young professionals under the age of 30. This group of disruptive thinkers has been given the task of coming up with new ideas to fuel ICT's pipeline of innovations. This increases the engagement and job satisfaction of these young

professionals, while at the same time helping ICT to stay connected to the world of millennials.
Another element in our engagement drive is ICT's Equity Participation Plan for employees, as this increases involvement and engagement by making employees owners of the company. The equity participation plan is open to all ICT employees with a permanent job contract. More than 13% (2016: 9%) of the employees eligible to join already participate in the plan.

Learning and development

To stay at the forefront in this fast changing world, in which technological skills and innovation are evolving at an incredible pace, it is critical to be able to adapt to continuous changes and to be fully up-to-date on the latest technologies and tools.

Ample training and education opportunities

ICT makes long-term investments in the knowledge of its professionals and in their extensive expertise in customers' operations and industries, to ensure that employees remain well-equipped for their roles. ICT's employees are educated and challenged on a continuous basis and encouraged to develop talents and skills in a Professional Leadership programme. Progress on personal development is an integral part of daily working practices and is discussed regularly in employee feedback sessions, so we can identify individual development needs.

ICT makes significant investments in technical training for its professionals and aims to promote the exchange of technical knowledge between employees and teams. We are developing cross-functional skills by organising interdisciplinary workshops.

ICT Academy

As a consequence of regarding training as one of the most important drivers of its success, the company has set up its own academy, the ICT Academy, in close collaboration with its specialised training unit, Improve Quality Services B.V. Employees are trained by our own professionals or by carefully selected trainers or institutions. To fully support our employees' learning needs, ICT offers online training facilities in addition to traditional classroom training facilities. We offer more than 100 online training courses, covering a wide range of know-how and expertise, technical skills to leadership skills, plus access to a wide range of free downloadable books.
In addition to this, ICT offers several "learning on the job" training programmes. All employees have a personal training budget and we have a self-service tool to help register for training courses and order books and development kits. The ICT Academy initiates and organises a curriculum for managers on Leadership skills. Top speakers are invited to give their vision on leadership to inspire our managers and prompt them to reflect on their own leadership style.

In 2017, ICT's professionals followed a total of 28,505 hours training, an increase of 25%, an average of 30 hour per professional. This included both internal and external training courses. The use of the Improve Qualities BV training platform accounted for some of this training.

Career development

ICT recognises that our employees need to feel appreciated in their workplace. The annual performance review cycle for all employees plays a key role in this. At least once a year, we conduct career development evaluations. We also aim to initiate quarterly dialogues between managers and employees to increase the focus on the employees' development path and to support a result-driven attitude. In the fourth quarter of last year, we started a pilot to support a feedback / feedforward culture by implementing a specific toolset.
ICT does everything it can to help employees to shape and build their careers. Employees can add new specialist technical skills, or they can take the opportunity to develop management skills. ICT aims to fill the majority of all management positions through internal promotion, supported by its leadership development programme.

Knowledge sharing

ICT regularly organises creative workshops to share knowledge with employees and with customers and partners. In 2017, ICT launched a "Dragons' Den" programme to stimulate employees to come up with innovative ideas. In 2017, ICT organised internal workshops and trainings for employees which were followed 1,100 times and 25 events and workshops for customers.

Inclusiveness

ICT welcomes every employee that meets ICT Group's competence profile, irrespective of gender, age, religion or (ethnic) background. ICT makes every effort to create a positive, transparent working environment that is free from discrimination, and that gives all employees equal access to opportunities. And ICT Group is not inclusive only because of the scarcity of IT professionals. It is first and foremost because ICT Group truly believes that diverse views and perspectives add value and are essential to drive innovation. It is a proven fact that diverse teams perform better and deliver better results.

Last year, ICT Group continued to broaden its profile in terms of diversity in nationalities and cultures and foreign nationals now account for 21% of our total workforce. ICT employs people from all over the world, covering some 30 different nationalities. It is worth noting that the growth in the number of female professionals was particularly marked among our new international colleagues. ICT helps these international employees with relocation, in the integration process, and offers all the help it can on the social front, and with other more practical day-to-day issues. We also organise culture sessions for internationals and Dutch nationals, to create better reciprocal understanding between our employees.

Gender diversity

On the gender diversity front, ICT Group is moving more slowly than it would prefer, despite efforts and ambitions to increase the number of female staff. By the end of 2017, 9.8% of total staff were female (up from 9.6% in 2016). ICT Group believes that getting (young) women interested in technology, to increase the future female talent pool, starts at (primary) schools. This is why ICT supports initiatives which should ultimately result in a more balanced proportion of male/female professionals in this field. To increase the number of female managers, ICT gives priority to female employees in its leadership programmes. ICT encourages a good work-life balance, offers flexible working conditions, including part-time contracts and flexible hours. There is no difference in the benefits provided to full-time employees or part-time employees. On ICT Group level 83% of the contracts are full-time and 17% are part-time The percentage male employees working full-time amounts to 84%. For female employees the full-time percentage amounts to 68%. With respect to gender equality, ICT can confirm that there is no difference in the basic salary and total remuneration between women and men across all employee categories.

For information on the gender diversity in ICT Group's Executive and Supervisory Boards, refer to the Report of the Supervisory Board.

Employee age distribution

MAKING THE WORLD A BIT SMARTER

ICT's purpose to make the world a bit smarter is explicitly and implicitly linked to sustainability. Corporate Social Responsibility is at the very heart of ICT's business model. Sustainability is embedded in our Code of Conduct where we state: "Sustainability is a natural part of our organisation. ICT wishes to work with integrity and transparency towards all its stakeholders, including shareholders, customers, local communities and its employees." The Executive Board is responsible for economic, environmental and social topics.

We challenge ourselves by benchmarking our sustainability programme with (peer) research and global trends, and by actively engaging with our stakeholders. Our stakeholders fuel our ambition and provide the insight we need to further enhance our sustainability programme.
ICT actively promotes sustainability along the lines of the UN's sustainable development goals;

Sustainable Development Goals

In 2015, 193 countries committed to the United Nations Sustainable Development Goals ('SDGs'). These 17 goals are aimed at ending poverty, protecting the planet and ensuring prosperity for all, and form the basis for the Sustainable Development Agenda 2030.

ICT plays an essential role in helping customers seize the opportunities of the current and future technology revolution and to help our customers make the digital transformation. Creating sustainable solutions is a vital part of that effort.

Based on our strategy, value creation model, current initiatives and focus on smarter industries, smarter cities and smarter health, we have identified how ICT can contribute to the realisation of the SDGs. This identification process resulted in a number of high-impact SDGs, depicted in the table below:

Sustainable development goals

SDG	Explanation	Relevance for ICT	How can ICT contribute?
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	ICT strives to improve the quality of healthcare through our technological solutions, so that healthcare specialists become smarter	- By developing innovative imaging analysis software to improve cancer diagnosis and treatment. - By optimising health treatment programmes, to improve usage rates of health equipment (e.g. x-ray machines). - By delivering software that improves the monitoring of high-risk pregnancies.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote sustainable industrialisation and foster innovation.	We strive to be smarter every day by creating intelligent manufacturing solutions and IT solutions that make it possible to speed up health diagnoses and increase the usage rates of health programmes.	- By offering IT solutions that are smart and sustainable, such as model-predictive controls and resilient cloud solutions. - By contributing to TNO's EcoTwin project with its Motar solution. EcoTwin can make transport more efficient through fuel savings and CO_2 emission reductions. - By the introduction of the 'Council of 20', a group of young professionals and disruptive thinkers, who are encouraged to develop new innovative ideas and the 'Dragons Den', a programme to encourage and stimulate ICT's employees to come up with new innovative ideas.
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities inclusive, safe, resilient and sustainable.	With our IT solutions, we can help cities to become more sustainable and improve the quality and performance of urban services	- By increasing air quality through the use of our IT solutions to facilitate electric and solar energy driving. - By participating in GreenFlux, which provides charging stations for vehicles. Together with GreenFlux, we have developed Smart Charging, a solution based on IoT & Cloud technology, for the settlement of charge transactions. - By developing 'smart' asphalt that leads to better traffic flows and less disruption.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	ICT strives to have sustainable and innovative IT solutions that reduce costs and consumption	- By participating in various projects to reduce energy consumption. One example is the project 'Energiekoplopers Heerhugowaard', based on USEF and ICT's Smart Energy Service Platform. - By participating in a pilot, GridFlex Heeten, aimed at setting up a local energy market in Heeten, by making use of salt batteries to store energy. - Our target is to reduce our CO_2 emission by 2% per employee on yearly basis and our carbon footprint by 12% by 2021. - We participate in a consortium that is investigating how to prevent over and under-loading of the electricity network, as the higher share of wind and solar-based electricity is expected to increase the number of highs and lows in electricity production.

In 2017, ICT received the Gold Medal for its Corporate Social Responsibility (CSR) achievements from EcoVadis, a leading sustainability assessor.

CO_2 reduction

In terms of carbon footprint reduction, ICT focuses on energy consumption, accommodation and mobility. ICT's target is to reduce CO_2 emissions per employee by 2% year on year.

Since 2015, all office locwations make use of green energy. We have also set a target to obtain a minimum of energy label A for all our office locations. In 2017, we upgraded our office locations in Oosterhout and Barendrecht, and as a result all main locations now have label A.

The biggest opportunity to reduce our carbon footprint is via mobility. ICT launched Smart Mobility for Employees in 2017. We now urge our employees to minimise travel and to make use of modern communication technologies to work remotely. And we are promoting the use of public transport, electrical vehicles, e-bikes and carpooling for essential travel. Furthermore, ICT increased the density of its office location network, enabling employees to work closer to home, which also helps to boost the well-being of our employees.

ICT reduced the CO_2 norm for new lease cars to a maximum emission of 95 gram/km and is promoting the use of electrical vehicles by introducing the opportunity to lease electric cars and by using BMW i3's as pool cars. In 2016, ICT launched an electric lease pilot programme to promote the leasing of zero-emission cars. ICT aims to allow zero-emission lease cars only in its fleet by 2026.

In 2017, ICT achieved a CO_2 reduction of 6% per employee (2016: 2%), above the target of 2%. In 2017 the scope 1 and scope 2 CO_2 emissions amounts to respectively 3,496 ton and 979 ton. No incidents of non-compliance with environmental laws or regulations have been identified.

Sustainable solutions

Smarter asphalt

BAM Infra and ICT Group have developed a revolutionary technology based on artificial intelligence that automatically recognises and classifies damage to the asphalt on roads. The technology can be used by road owners such as the Dutch Ministry of Public Works and Waterway (Rijkswaterstaat), provincial authorities, water authorities, and municipalities to inspect roads much more quickly and in a more targeted manner. In addition to increasing the efficiency and quality of the inspections, this also means that maintenance can be carried out more flexibly and more efficiently. That in turn leads to better traffic flows and fewer disruptions. This new technology shows how data can drive innovation, and marks a further step towards the digitisation of asset management.

Gridflex Heeten

In the village of Heeten in the province of Overijssel, ICT and a number of partners launched a pilot for Gridflex in December 2017. The aim is to create a local and sustainable energy market for the consumption, storage and trading of solar energy. To make this possible, 25 salt batteries are being used to store the renewable energy. ICT Group developed the energy management system, while Enexis, Energy cooperative Endona, Enpuls, the University of Twente, Escozon, DrTen and Buurkracht are also involved in the pilot project.

USEF/ EnergieKoplopers

ICT Group is one of the founders of the USEF Foundation, together with other key players active across the smart energy chain, ABB, Alliander, DNV GL, Essent, IBM and Stedin. The Universal Smart Energy Framework (USEF) sets the international common standard for a unified smart energy market, connecting projects and technologies at the lowest cost possible. With a value-to-all approach, USEF enables the commoditisation and trading of flexible energy use. The framework defines the market structure, stakeholder roles, how they interact and how they benefit by doing so. The USEF Foundation was founded to accelerate the transition to a commercially viable smart energy system.

The EnergieKoplopers project in the Dutch town of Heerhugowaard tested a USEF flexibility market for the first time. To this end, smart appliances were installed in 203 homes, to enable flexible electricity consumption. The smart appliances were automatically controlled by a smart IT system. The project has shown that the USEF flexibility market works: the system helps resolve the future problems in the energy system, and creates value for all the parties that play a role in a USEF flexibility market.

USEF Foundation and smart energy pilot 'EnergieKoplopers' received the Energy Market Innovation of the Year Award and the Smart Energy Roll Out Innovation Award at the award ceremony of the European Smart Energy Awards in London.

Conduct business in transparent manner
The business decisions of ICT employees should not be influenced by factors other than business considerations. Third parties doing business with ICT must not get the impression that they can derive benefit from giving business gifts and/or other favours to individual employees. Eliciting and accepting bribery in any form is unacceptable and will be followed by immediate dismissal.

ICT employees and contractors will not offer payments or gifts or make certain promises to (employees of) clients or third parties in order to obtain business contracts or to positively influence a purchase or procurement procedure. ICT addresses anti-bribery and corruption principles in its Code of Conduct.

ICT may not make payments to any political parties and organisations or the representatives of same.
ICT employees will respect national and international competition laws and refrain from agreements between ICT and other enterprises, which (may) limit the competition, including restrictive agreements on issues such as price, delivery conditions, market allocation, production and marketing. There have been no incidents reported of corruption, nor have there been any legal actions in this respect.

Social initiatives
ICT intends to engage in community investment initiatives. ICT encourages employees to contribute to ‘making the world a bit smarter’ in a societal context. ICT actively encourages employees to deploy their knowledge and expertise to contribute to meaningful initiatives, including educational projects, developing tools for non-profits and initiatives that promote an interest in technology among young people.

RISK MANAGEMENT AND INTERNAL CONTROL

Introduction
ICT Group’s risk management is the responsibility of the Executive Board. Risk management forms an integral part of the company’s strategy. The main objective is to control and mitigate the most significant risks that ICT Group is or may be exposed to, while at the same time facilitating the realisation of operational and financial objectives.

ICT Group continuously evaluates its internal controls and takes measures to improve these controls where necessary. The Executive Board discusses the risk management framework regularly with the Audit Committee and the Supervisory Board. In 2017, ICT took significant steps to further strengthen the risk and internal control framework. The position of Chief Information Security Officer was implemented to reflect the increasing importance of information security within the ICT Group. Risks related to information cyber security have been added to the risk framework and are reflected in the risk impact/probability chart and risk overview presented in this chapter. Furthermore, it was decided to implement an internal audit function within the Group due to the company’s growth and the consequential increased need for process improvements and alignment.

Risk management and control systems
ICT has implemented internal risk management and risk control systems with a view to minimising its operating and financial risks and to limit the impact of unexpected events on balance sheet ratios and results. ICT considers risk management to be a continuous process, an essential part of which is to embed policy in control systems and procedures at every level of the organisation.

ICT’s internal framework is based on Entity-level controls:

Category	Important Elements
1. Control Environment	- Management’s philosophy, attitude and tone at the top - Organisational structure, key areas of authority and lines of reporting - Knowledge & skills, policies & procedures - Oversight by Executive Board and Supervisory Board, responsibility for internal controls
2. Entity-wide Risk Assessment Process	- Identifying business risks - Evaluation of external and internal information - Review of regular financial reports and ad-hoc reporting - Approval of budgets, business planning documents and the business strategy
3. Communication	- Internal communication: Identification and communication - External communication: Preparation and review
4. Monitoring of Controls	- Maintaining a monitoring process for entity-level and process-level controls - Change of controls - Evaluating KPIs and financial reporting results - Testing the effectiveness of controls

Important elements of ICT’s Control Framework

Planning and control cycle
Risk management is an integral part of the planning and control cycle. This system includes the determination of the strategy and the budget and is the responsibility of the Executive Board. The Executive Board discusses the strategy extensively with the Supervisory Board every year. The Executive Board then translates strategic objectives into business plans and budgets in cooperation with the directors of ICT’s subsidiaries. The business plan contains both a financial budget and a number of concrete business objectives per legal entity and underlying business units. These objectives are translated into Key Performance Indicators (KPIs), which are measured for progress throughout the year. Important KPIs at ICT include the capacity utilisation rate, tariffs, numbers of direct and indirect FTEs and the efficiency of the company’s processes. Management evaluates these key performance indicators and financial and operational reporting to identify any deficiencies in internal controls and to monitor results.

Policies and guidelines
Management creates and maintains a culture of integrity and ethical behaviour by setting the right tone at the top. This is done by:
- Leading by example;
- Clear corporate governance practices;
- A code of conduct, which includes relevant policies such as prohibiting employees from accepting gifts from suppliers;
- A whistleblower policy;
- A quality system used to document all of ICT’s significant processes.

ICT’s management is receptive to employees’ ethical concerns and is committed to responding appropriately to misconduct. Management demonstrates adherence through their work practices and decisions. Management enforces its views through a combination of policies and procedures. When changes are made, employees are notified and changes are implemented. Management does not provide incentives or offer temptations that might prompt personnel to engage in dishonest, illegal or unethical acts. A whistleblowing policy is in place and personnel can report suspected incidents anonymously. ICT implemented an internal procedure, the so-called letters of representation, requiring ICT management to confirm compliance with ICT’s policies and procedures. Given the growth of the company through acquisitions this process is increasingly important. This helps to provide the assurance the Executive Board needs to make its own in control statement. Responsibility and accountability for implementing systems and controls, including fraud prevention and detection, has been designated to ICT’s Finance department and is embedded in the Internal Control Framework.

Performance and quality controls
Quality management is another important pillar of the company's risk management. ICT constantly works on improving the services that it provides to customers in whatever form. Providing services in accordance with accepted standards is embedded in the organisation as a regular process. ICT has adopted various standards, including ISO standards for information security and quality management and standards related to process maturity and safety, health and the environment. Furthermore, ICT continuously monitors the measurement of and reporting on the effectiveness and efficiency of measures taken. ICT regularly evaluates this via an audit by external parties (according to the above-mentioned standards), as well as through an internal review process related to effectiveness, suitability and correspondence with agreed norms. No critical findings have come to light in the various reviews.

Monitoring
ICT provides for optimal monitoring and timely identification of risks and, if necessary, mitigation of any risks that arise, through a constant process of internal controls and measurements. This risk management system with its control mechanisms and mitigating measures is a periodically recurring item on the agenda of the Audit Committee and, by extension, the Supervisory Board.

Sensitivity analysis
The table below illustrates the impact of changes in ICT's revenues, operating expenses, net debt and the interest rates.

	Change	Impact	On	Assumption
Revenue	+/-1%	+/- € 1.0 million	EBITDA	Flat gross margin and no change to cost base
Operating expenses	+/-1%	+/- € 0.8 million	EBITDA	
Interest rate	+100 bps	+ € 0.1 million	Financial charges	Average net debt 2017
Net debt	+/- € 3 million	+/- € 0.1 million	Financial charges	Stable interest rates

Improvements in the risk management and control systems in 2017
In 2017, ICT took significant steps to further strengthen its risk management and controls:

Full integration recent acquisitions
In 2017, we completely integrated both Nozhup, one of ICT's largest acquisitions, and HTS within ICT Netherlands. Both entities have been integrated within ICT Automatisering Nederland B.V. The people and processes now operate fully in line with the ICT Group policies and guidelines. BMA and Raster – both acquired before 2017 - operate autonomously within the ICT Group but were aligned this year with ICT Group's back offices systems, including the HR and Financial systems.

Cyber security
Cyber security can pose significant risks to both ICT and its customers. ICT appointed a Chief Information Security Officer (CISO), who is responsible for developing strategy and policies aimed at information security, implementation and monitoring of information security and data privacy. The CISO will direct information security for the whole Group and fulfils a central role in managing all processes involved.

Internal controls
The control framework was expanded to include all ICT subsidiaries. In 2017, the focus was on the implementation of the internal controls in the field of cyber security and data protection.

Internal audit
In 2017, the Supervisory Board, based on the Audit Committee's advice, decided that a formal internal audit function be created with the appointment of an internal auditor in 2018, reporting to the CEO and the Audit Committee.

Integrated reporting
In 2017, ICT took the first steps towards integrated reporting. The Executive Board, in consultation with the Supervisory Board, defined ICT's long-term value creation model. Furthermore, the company conducted a stakeholder assessment. Based on the dialogue with stakeholder groups, the company defined the material topics for ICT Group. These material topics are in line with the company's risk framework, as can be seen in the risk overview.

Insurance
ICT has added specific cyber and data protection insurance policies to its corporate insurance coverage.

Further certification
In 2017, ICT initiated ISO 27001 implementation for Strypes Bulgaria.

Given ICT's buy and build strategy and the ongoing expansion of the ICT Group, adequate internal controls are a continuous area of attention. Both the strengthening of the internal control framework at the existing ICT subsidiaries, as well as the implementation of the internal controls at newly (and to be) acquired and integrated entities require constant attention and additional steps. Given the company's growth path, implementing uniform processes and controls is important to safeguard the quality of ICT's solutions and services, which in turn is vital for sustainable longer-term growth. ICT has therefore identified the following focus areas for further improvement in 2018:
- Cyber security will continue to be one of the main focus areas.
- Further define and implement the internal audit function within the group. The search for the internal auditor has already commenced. The internal auditor will set up and lead ICT Group's Internal Audit Function and develop and execute a group-wide risk-based Internal Audit Plan in consultation with Executive Board, Audit Committee and external auditor.
- After strengthening the internal controls in the fields of finance, HR and Cyber security at our subsidiaries, in 2018 these controls will be further expanded to the operations of our subsidiaries. This means more process descriptions, improvement and alignment. Our internal audit function will be instrumental in this.
- Further steps in integrated reporting will be taken.

Key risk factors
ICT Group assesses all relevant risks according to the likelihood that they will occur and the impact they could have if they materialise, and ICT then assigns a weighting to those risks on that basis. The key risks we have identified are outlined below. For each risk, we indicate how these risks are mitigated, and specify our risk appetite for each risk. The order in which the risks are presented does not reflect their importance, probability or materiality. The actual occurrence of any of the following risks could have a material adverse effect on the company's business, prospects, operations, financial condition or results. All of these risks are contingencies, which may or may not occur.

Key business risks in 2017

Cyber security risks
Digital security is crucial and nowadays affects every aspect of daily life, in business and society. Information security is becoming more and more important and the complexity will only increase. ICT's solutions are mostly embedded in the heart of its customers' operations. Digital risks involve issues such as privacy, phishing, cybercrime, internet fraud and even IT terrorism. ICT runs the risk of being fined if it does not comply with the new privacy legislation that comes into effect in 2018. Furthermore, the reputation risk can be very significant.

Clear policies and procedures are necessary to mitigate these risks. Providing its services in accordance with accepted standards is embedded in the organisation as a regular process. ICT has adopted various standards and obtained a number of certifications, including ISO standards for information security (ISO 27001), medical devices (ISO 13485) and quality management and standards (ISO 9001) related to process maturity and safety, health and the environment. Furthermore, information security requires central coordination. Not only within ICT Automatisering Nederland B.V., but also in coordination with our other subsidiaries. The newly appointed Chief Information Security Officer plays a pivotal role in this.

Creating awareness, not only among our own people, but also at the customer, is also vital in mitigating these risks. Every new employee receives training on information security management.

Acquisitions
ICT's growth strategy is based on both organic growth and growth through acquisitions. This strategy does entail the risk of poor integration of acquisitions. In the event that ICT acquires companies, its ultimate objective is to adequately integrate these companies into the ICT Group. When acquiring a company, there is a risk of an undesired outflow of staff and drop off of operational performance. In addition, market circumstances and forecasts may sometimes necessitate the impairment of goodwill on acquisitions. However, ICT is building a track record in the successful integration of newly-acquired companies. This was demonstrated particularly well in 2017, with the smooth integration of one of ICT's largest acquisitions, Nozhup.

A full battery anytime and anywhere thanks to Smart Charging

GreenFlux has one very clear ambition: to get all cars running on electricity. During peak times, such as arriving at work or at home, there can be huge surges in the demand for electricity. The biggest challenge is to make sure that all electric car drivers can charge their cars quickly, safely and cheaply, without overloading the electricity network.

Together with ICT Group, GreenFlux came up with a solution: Smart Charging, a smart and safe charging system that consists of charging points, a backend system in the cloud and reliable communication between the charging points and the cloud system.

At the core of the Smart Charging system is an intelligent algorithm that determines an optimum between charging needs, availability of energy and prices. Cars are charged over the course of the day, which reduces the load in peak times. The system guarantees that every car will be fully charged at departure.

To guarantee the reliability of the communication between the cloud and the charging points, Tele2 created a separate mobile sub-network that works all over the world. All GreenFlux's charging points are equipped with a Tele2 SIM card built into a controller. This means the traffic between the charging points and the cloud are secure and encrypted.

THE CHALLENGE:

Charging electric cars quickly, safely and efficiently without overloading the network.

THE SOLUTION:

With the Smart Charging system, GreenFlux and ICT Group have created an intelligent charging system that determines an optimum between charging needs, availability of energy and prices.

Labour market scarcity

The ability to attract and retain the right people is a key driver of growth. And this is becoming more crucial as talent is increasingly scarce. ICT strives to be an attractive employer that invests in its people and encourages entrepreneurship. ICT continuously develops and implements initiatives to reinforce this. "Bring out the best in yourself" is how ICT approaches its HR development strategy. Important elements in this approach are employee empowerment and entrepreneurship. ICT's approach to being the employer of choice is further elaborated on in the section ICT – an ambitious employer.

Labour market scarcity also results in incremental costs to attract highly talented people. These costs can result in the risk of serious margin pressure. ICT tries to mitigate this risk by continuously moving up the value chain, where additional margin can be realised. We are also shifting toward more scalable projects and selling an increasing number of solutions. ICT has always been known for its high quality and this should also translate into higher fees. And lastly, ICT tries to create awareness at its customers that as talent is becoming increasingly scarce, it is also becoming more expensive.

New business development

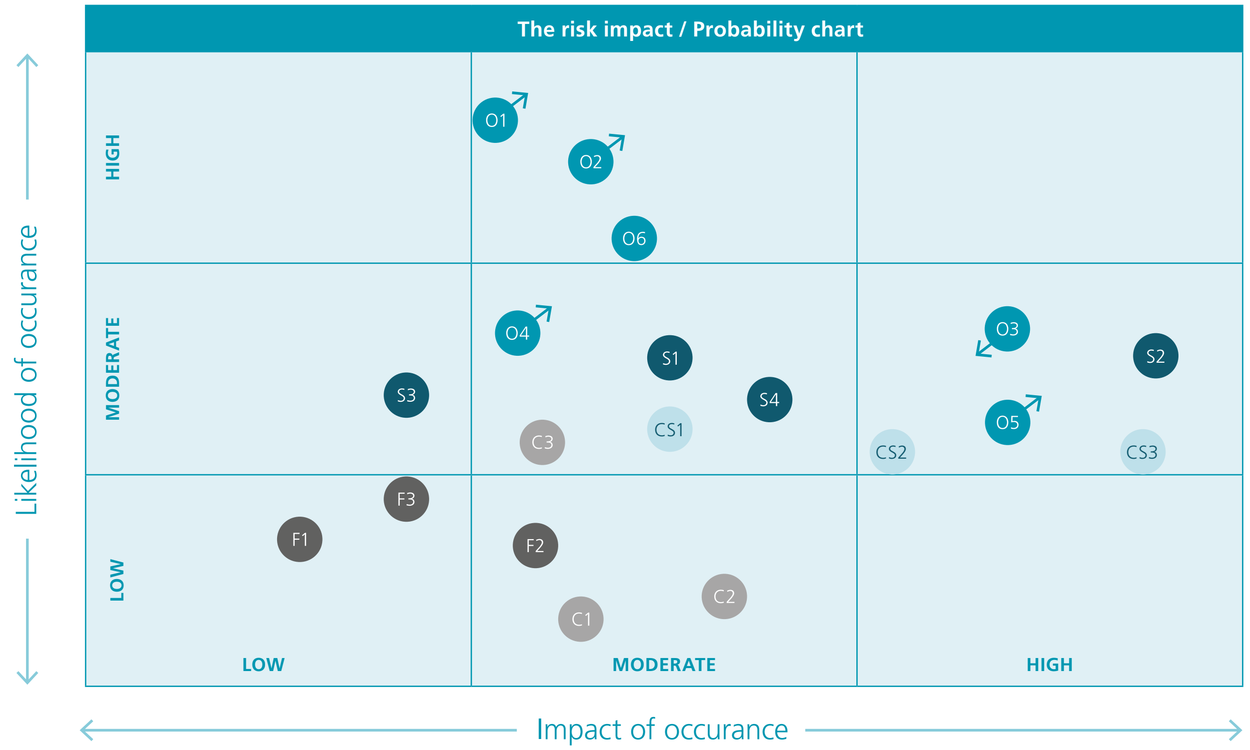
Innovation is very important for the future development of the company. The pace of the new technological developments is constantly increasing. ICT's focus on new business development, in combination with an acceptable risk level, is reflected in the company's commitment to invest 1.5% of turnover in R&D. However, new business development initiatives carry a higher risk. In particular, the impact can be even higher in initiatives where ICT has different roles, such as technology partner, supplier or customer of start-ups. This relationship with start-ups can lead to financial risk (bad debt or impairment risk).

Inadequate project control

Projects can be complex due to the scale, the desired functionality, the applied technology or the involvement of several parties. This can result in financial risks in projects for which ICT Group bears result responsibility. ICT works continuously on an optimally functioning internal quality and control system to minimise the risks related to the execution of projects and assignments. To ensure continuity in the event of claims, ICT has a general and professional liability insurance. As the projects ICT is involved with are increasing in size, both the impact and the probability of the associated risks are likely to increase and will be addressed with appropriate risk mitigation measures.

These developments and trends can also be seen in the map below:

Impact and trends risks in 2017



Strategic risks
S1: Sensitivity to economic cycles
S2: Speed of technological developments
S3: Multidimensional relationships
S4: New business development / start ups

Operational risks
O1: Shortage of qualified staff
O2: Incremental costs to attract highly talented people
O3: Dependence on large clients
O4: Inadequate project control
O5: Unsuccessful integration of acquisitions
O6: New business models

Cyber Security risk
CS1: Unauthorised access to ICT systems
CS2: Unauthorised access to customer systems
CS3: data breach

Financial risks
F1: Reporting risks
F2: Inadequate funding
F3: Credit risk

Compliance risks
C1: Failure to comply with legislation
C2: Fraud and corruption
C3: Increased potential liabilities

↗ ↙ **Shows movement in comparison with 2016**

Principal risk areas

The following overview of the principal risks for ICT is not exhaustive. It is also possible that risks that have not currently been identified, or that are not regarded as material, will have a significantly adverse effect on ICT's ability to achieve its objectives at a later date. ICT's internal risk management and risk control systems are, in as far as possible, geared to the timely identification of such risks.

	Key risks	Mitigation	Risk appetite
	Strategic risks		
S1	*Sensitivity to economic cycles*	- Maintain a leading position - Develop appropriate solutions as effectively and efficiently as possible - Make clear choices regarding strategic positioning - Spread activities across different markets, mix between different themes - Continuous monitoring of sales funnel and horizon	*Low to Moderate*
S2	*Speed of technological developments*	- Alert response to changes affecting clients and markets - Invest in new technologies, products and people - Continuous training and education of professional staff - Partnerships to stay at the forefront of technological developments	*Moderate*
S3	*Multi-dimensional relationships*	- Limit the exposure to 1.5% of annual revenue - Periodic monitoring of the mix and exposure to multi-dimensional relationships - Regular reviews with management of associated companies	*Low to Moderate*
S4	*New business development, including collaboration with start-ups*	- Disciplined approach with start-ups - Limit the outstanding receivables related to start-ups	*Low to Moderate*
	Operational risks		
O1	*Shortage of well-qualified staff and inability to retain qualified staff*	- HR policy aimed at making ICT the employer of choice - Enable entrepreneurship and initiatives - Create a sufficiently challenging environment - Invest in relationships with schools and universities	*Low*
O2	*Incremental costs to attract highly talented people*	- Offering higher added value solutions - Maintain high quality - More scalable projects - Increase awareness at customers that talent is becoming more expensive	*Moderate*
O3	*Dependence on large clients*	- Broaden the client base, invest in sales - Offer more added value to increase clients' dependency on ICT	*Moderate*

	Key risks	Mitigation	Risk appetite
O4	*Inadequate project and assignment control*	- Continuous improvement of internal quality and control systems - Qualified management with adequate competencies and business and IT knowledge - Continuous training and education of project staff	*Low to Moderate*
O5	*Unsuccessful integration of acquisitions or joint ventures*	- Prudent decision-making process in acquisition phase - Disciplined and standardised integration process, including connectivity to ICT's enterprise systems - A welcome programme for new colleagues	*Moderate*
O6	*New business models / license selling, software as a service*	- Close involvement of legal department and external legal advice where needed - Apply lean start-up methodology with frequent reviews and interventions	*Low to Moderate*
	Cyber security risks		
CS1	*Unauthorised access to ICT systems*	- Continuously increase resilience of the ICT systems - Ongoing security testing - Ongoing awareness training and programs for ICT staff	*Low*
CS2	*Unauthorised access to (ICT developed) customer systems*	- Security & privacy protocols as integral part of delivery of systems - Increase awareness at customer through training - ISO 27001 certifications	*Low*
CS3	*Data breach*	- Update and implementation of data breach and privacy policies - Clear procedures are in place for data collection and storage - Ongoing awareness training and programmes on own platforms - Regular audits	*Low*
	Financial risks		
F1	*Reporting risks*	- Internal procedures and guidelines for internal and external reporting (Internal Control Framework) - External audit and supervision by the Audit Committee - Implementation of a consolidation tool - Internal letter of representation process in place	*Low*
F2	*Inadequate funding*	- Ensure adequate financing facilities, both for acquisitions and working capital - Operate well within the covenants agreed with the banks	*Low*
F3	*Credit risk*	- New customers are analysed individually for creditworthiness, including external ratings - Global credit insurance for all group companies	*Low*

	Key risks	Mitigation	Risk appetite
	Compliance risks		
C1	*Failure to comply with laws and legislation*	- Continuous monitoring of laws and regulations - Close involvement of legal department and external legal advice	*Low*
C2	*Fraud and corruption*	- Internal Control Framework that includes various preventive and detective controls, including fraud aspects - Corporate governance system - Appropriate levels of delegation of authority to sign policy - Segregation of duties in main business processes	*Low*
C3	*Increased potential liability following changes in contractual conditions (as a consequence of change in product / service mix)*	- Close involvement of legal department and external legal advice in contractual agreements - Appropriate general and professional liability insurance	*Low*

Executive Board's in control statement

The Executive Board is responsible for the design and operation of the internal risk management and control systems. In discharging this responsibility, the Executive Board has made an assessment of the effectiveness of the design and operation of the internal control and risk management systems.

In accordance with best practice 1.4.3 of the Dutch corporate governance code of December 2016 and taking into account the aforementioned assessment, the Executive Board confirms to the best of its knowledge and belief, that:

- the report provides sufficient insights into any deficiencies in the effectiveness of the internal risk and control systems;
- the internal risk management and control systems of the company provide reasonable assurance that financial reporting does not contain any material inaccuracies;
- there is a reasonable expectation that ICT Group will be able to continue its operations and meet its liabilities for at least twelve months, therefore, it is appropriate to adopt the going concern basis in preparing the financial reporting;
- there are no material risks or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of ICT Group's operations in the coming twelve months.

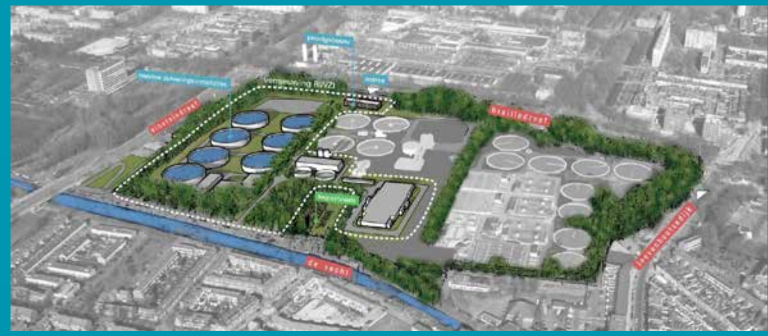
It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realization of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations. Nor can they provide certainty that we will achieve our objectives.

Executive board responsibility statement

The Executive Board is responsible for preparing the financial statements and the annual report in accordance with Dutch law and International Financial Reporting Standards (IFRS as adopted in the EU). Pursuant to article 5:25c of the Financial Supervision Act, the Executive Board, taking into account the above, confirms that, to the best of its knowledge, (i) the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and (ii) the Report of the Executive Board includes a fair review of the position at the balance sheet date and the development and performance of the business during the financial year, (iii) together with a description of the principal risks and uncertainties that the company faces.

Barendrecht, 1 March 2018
Executive Board

J.H. Blejie
W.J. Wienbelt



Hypermodern sewage treatment plant relies on ICT Group process automation

The Stichtse Rijnlanden water authority is currently building a new sewage treatment plant in Utrecht. The hypermodern plant, which is set to replace the old plant, will treat the sewage of more than 430,000 population equivalents, making it one of the biggest sewage treatment plants in the Netherlands.

The new plant uses Nereda technology, a method developed and patented by Royal HaskoningDHV that simplifies and shortens the waste treatment process. The Heijmans and GMB Civiel consortium selected ICT Group for the complex process automation. In line with the principles of Systems Engineering, ICT Group developed the SCADA system for the central operation and the software for the PLCs that control the electrical components, such as sensors, valves and pumps.

The software for the control of the waterline (treats sewage with sludge) had to be built in just six months. An additional challenge was that the specifications for the electrical components were not fully known at the time. ICT Group solved this with flexible software development. We first developed PLCs for which we had the specifications relevant to the programming. We then moved on to programme the remainder of the software as soon as the other specifications were available. This enabled ICT Group to fill in the 'gaps' in the software framework in phases and still meet our deadline.

The first operating units will be taken into operation in April 2018. This will follow the Testing & Commissioning phase, which involves testing all the separate components to see whether they operate in line with their specifications and their synchronisation with other components and disciplines. The goal is to have the completely new sewage treatment plant up and running at the end of 2019.

THE CHALLENGE:

Develop and build process automation with limited specifications for the biggest and most modern sewage treatment plant in the Netherlands.

THE SOLUTION:

ICT Group opted for flexible software development, in which the availability of the specifications for the software decided the order of development.

CORPORATE GOVERNANCE

Corporate governance is the framework of practices, rules and regulations that ensure ICT's accountability and transparency to its stakeholders. It also includes ICT's code of conduct, clear business principles and the whistle-blower policy.

Roles and responsibilities

ICT Group N.V., a public limited liability company incorporated under Dutch law with its registered office in Barendrecht, the Netherlands (the "company") is the parent company of the ICT group of companies. The company's shares have been listed on Euronext Amsterdam since 1997. The company qualifies as a 'large company' (structuurvennootschap) within the meaning of the Dutch Civil Code and applies the relevant rules of Dutch corporate law.

The company has pursued a consistent policy to align its corporate governance with Dutch law and the Dutch Corporate Governance Code. The company will continue to enhance transparency and communications with investors and other stakeholders in the company.
In this report, the company addresses its overall corporate governance structure and states to what extent it applies the principles and best practice provisions of the Dutch Corporate Governance Code 2016. Relevant substantial changes in the company's corporate governance structure are proposed for approval to the General Meeting of Shareholders. More detailed information on ICT's corporate governance and the related rules and regulations can be found on the company's website (https://ict.eu/about-us/investor-relations/).

EXECUTIVE BOARD

The company has a two-tier board structure, comprising an Executive Board and a Supervisory Board. The Executive Board is responsible for the management of the company and for determining the long-term objectives and strategy, financing, compliance with relevant laws and regulations and the management of risks. In accordance with the company's objectives and Dutch law, the Executive Board manages the company, taking into account the interests of all relevant stakeholders. The Executive Board is supervised by the Supervisory Board. The Executive Board provides the Supervisory Board with all the information the Supervisory Board needs to fulfil its responsibilities.
Certain decisions of the Executive Board require the approval of the Supervisory Board, as laid down in the Executive Board regulations, which can be found on the company's website. In addition to legal regulations, these regulations describe how the Executive Board works.

Appointment of members of the Executive Board

Members of the Executive Board are appointed by the Supervisory Board. The Supervisory Board shall inform the General Meeting of Shareholders and the Works Council in advance of a proposed appointment. The members of the Executive Board are appointed for a term of four years. This term expires at the end of the General Meeting of Shareholders to be held in the fourth year after the year of their appointment. Reappointment is possible for consecutive terms of four years.
Members of the Executive Board may be suspended or dismissed by the Supervisory Board. In the event of a dismissal, the General Meeting of Shareholders shall be consulted.

SUPERVISORY BOARD

The Supervisory Board is responsible for supervising and advising the Executive Board and overseeing the policies of the Executive Board and the general course of affairs of the company and its business. The Supervisory Board supervises how the Executive Board determines the long-term value creation strategy and how the Executive Board implements that strategy. Supervision also focuses on the set-up and operation of internal risk management and related control systems, the financial reporting processes, compliance with legislation and regulations, corporate social responsibility and the activities of the Executive Board regarding the culture within ICT. In fulfilling its responsibilities, the Supervisory Board is guided by the interests of the Company, its business and the interests of all relevant stakeholders.

Under Dutch law and in accordance with the provisions of the Code, the Supervisory Board is a separate body that is independent of the Executive Board and all its members are independent.
The Supervisory Board has two separate committees: the Remuneration and Appointment Committee and the Audit Committee. The Supervisory Board as a whole is responsible for the supervisory tasks. The Supervisory Board works according to the Supervisory Board regulations that include a detailed description of its tasks and responsibilities. These regulations also contain the tasks and responsibilities of the Remuneration and Appointment Committee and the Audit Committee and can be found on the company's website.

Appointment of members of the Supervisory Board

The members of the Supervisory Board are appointed by the General Meeting of Shareholders based on a nomination of the Supervisory Board. The Supervisory Board informs the general meeting and the works council simultaneously of the nomination. The general meeting and the works council may recommend to the Supervisory Board persons for nomination as supervisory directors. The Supervisory Board shall for that purpose inform the general meeting and the works council in a timely fashion when a vacancy is to be filled. The general meeting may reject the nomination of the Supervisory Board with an absolute majority of the votes cast, representing at least one-third of the issued capital.

For a third of the members of the Supervisory Board, the Works Council has the right to recommend a candidate. The Supervisory Board may object to this recommendation if it considers the recommended person to be unsuitable to fulfil the duties of a Supervisory Board member, or if it believes that the Supervisory Board would not be properly composed if the appointment were made according to said recommendation. The Supervisory Board must inform the Works Council of its objection and consult with the Works Council to reach agreement on the nomination.
If no agreement can be reached, the Enterprise Chamber of the Amsterdam Court of Appeal can be asked to render a decision on the objection.

Members are appointed for a period of four years and may be re-elected for another four years in compliance with the Corporate Governance Code. A Supervisory Board member may thereafter be reappointed again for a period of two years and that appointment can in principle be extended by at most two years. In the event of a reappointment after an eight-year period, the reason for said reappointment will be explained in the report of the Supervisory Board. The members of the Supervisory Board can only be dismissed by the Enterprise Chamber of the Amsterdam Court of Appeal. The entire Supervisory Board shall resign in the event the General Meeting of Shareholders adopts a motion of no confidence against the Supervisory Board. A Supervisory Board member may be suspended by the Supervisory Board; the suspension shall end by operation of law if the company has not applied to the Enterprise Chamber to remove the member within one month after the commencement of the suspension.

The Supervisory Board is assisted by the Company Secretary. The Company Secretary shall ensure that correct procedures are followed and that the Supervisory Board acts in accordance with its statutory obligations and its obligations under the Articles of Association. Furthermore, the Company Secretary assists the Chairman of the Supervisory Board in the actual organisation of the affairs of the Supervisory Board. The Company Secretary shall, either on the recommendation of the Supervisory Board or otherwise, be appointed and may be dismissed by the Executive Board following the approval of the Supervisory Board.
Following their appointment, all members of the Supervisory Board follow an introductory programme, which covers general financial and legal affairs, financial reporting by the company, any specific aspects that are unique to the company and its business activities, and the responsibilities of a Supervisory Board member. Any need for further training or education of the members is reviewed annually.

GENERAL MEETING OF SHAREHOLDERS

An Annual General Meeting of Shareholders is held once a year in Barendrecht, Rotterdam or Amsterdam, such within six months of the end of the financial year. Extraordinary General Meetings of Shareholders may be convened by the Executive Board or the Supervisory Board if deemed necessary and by shareholders representing 10% of the issued capital after judicial authorisation. Meetings are convened by public notice sent by way of an announcement published electronically, which will be immediately and permanently accessible to the general meeting, for at least 42 days prior to the (Extraordinary) General Meeting of Shareholders. Those shareholders who alone or jointly represent at least 3% of ICT's issued share capital may request items be added to the agenda of the General Meeting of Shareholders. Such a request will be granted if it is received in writing at least 60 days before the meeting, stating the reasons for said request. Every shareholder is entitled to attend the meeting and to speak and vote during the meeting. Each share carries one vote. The specific powers and responsibilities of the General Meeting of Shareholders are described in the Articles of Association that are available on our website.
An amendment of the Articles of Association requires the approval of the General Meeting of Shareholders.

Purchase and issue of (rights to) shares

The Annual General Meeting of Shareholders on 10 May 2017 resolved to authorise the Executive Board, subject to approval of the Supervisory Board, to acquire fully paid-up ordinary shares in the company's own capital to a maximum of 10% of the subscribed capital of the company within the limits of the Articles of Association for another 18 months as of 10 May 2017. In addition, the Annual General Meeting of Shareholders resolved to authorise the Executive Board, subject to the approval of the Supervisory Board, to issue shares or grant rights to acquire shares in the company, as well as to restrict or exclude the pre-emptive right pertaining to such shares for 18 months as of 10 May 2017. This authorisation is limited to a maximum of 10% of the number of shares issued as of 10 May 2017, plus 10% of the issued capital in connection with or on the occasion of mergers, acquisitions or strategic alliances.

Stichting Administratie Participatieplan ICT (STAK)

ICT introduced an equity participation plan for all ICT employees with a permanent employment contract. Once per calendar year the employees are given the opportunity to purchase ICT shares at a 13.5% discount on the stock exchange price. After three years, each employee will receive, for every four shares purchased, a cash bonus equal to the market value of one ICT share at the time the cash bonus becomes payable. Employees may participate in the plan for a minimum amount of € 500 and maximum amount of € 5.000 per year.
Shares bought at a 13.5% discount are subject to a lock-up period of three years. Even if the employment is terminated before the end of the lock up period, the shares remain blocked until the end of the lock up period. During this period the shares cannot be sold. The cash bonus is payable if the employee is still employed by ICT after the three year lock up period. If an employee retires during the lock up period, his or her rights to a cash bonus will sustain.

Shares purchased under the participation plan are administered by Stichting Administratie Participatieplan ICT (STAK) that will issue one depositary receipt in exchange for one share. Depositary receipts for shares follow the share price, but have different rights. Economic benefits such as the right to dividend belong to the holder of the depositary receipt. Legal ownership (including the right to vote) lies with the STAK. The board of the STAK exercises the voting right on the shares it administers.

Anti-takeover measures

As a means to protect the company and its stakeholders against an unsolicited attempt to obtain (de facto) control of the company, the company's Articles of Association authorise the Executive Board and the Supervisory Board to issue (rights to) preference shares to Stichting Continuïteit ICT under an option agreement entered into between the company and the Stichting. The objective of the Stichting is to safeguard the interests of the company, its business and all its stakeholders. Based on the option agreement, the Stichting may subscribe for a number of preference shares equal to the number of the outstanding ordinary shares in the company less one. The issuance of preference shares is an anti-takeover measure. When taken, this protective measure is temporary in nature and would enable ICT to judge any (hostile) situation on its merits and/or to explore alternatives. The Stichting has a credit facility to enable it to pay the amount to be paid up on the shares. This amount equals 25% of the nominal value of the protective preference shares issued. As at 31 December 2017, no protective preference shares had been issued.
The Stichting has an independent board. As at 31 December 2017, the board consisted of the following members: Mr. H.J.A. Knijff (chairman), Mr. R. ter Haar, Mr. P.F. Plaizier and Mr. J.C.M. Schönfeld.

Adherence to the Dutch Corporate Governance Code 2016

ICT complies with the provisions of the Dutch Corporate Governance Code 2016, with only a few deviations as described below. The Dutch Corporate Governance Code is available at www.mccg.nl.

Best practice provision 2.7.2 (ii): There is no regulation covering private investments by members of the Supervisory Board or members of the Executive Board other than securities issued by ICT Group N.V. Members of these boards are already subject to general legislation and regulations.

Best practice 3.4.1: Performance criteria for the variable remuneration of members of the Executive Board are described in general terms but not fully disclosed, as they contain sensitive information and could contain information of an otherwise confidential nature that ICT Group may not want to disclose.

Best practice 4.2.3.: Meetings between ICT Group and analysts, the press and/or investors will not be webcast due to cost considerations. The dates of the analyst and press meetings will be published on the website in advance and the presentation will be made available on the website.

Diversity

ICT aims for diversity not only in terms of experience, but also in terms of nationality, gender and age at all levels within the company.
With the exception of gender diversity, the composition of both the Executive and Supervisory Board is diverse. The company currently does not have the desired allocation of seats to men and women on the Executive and Supervisory boards. There are currently no female members on the Executive Board, nor on the Supervisory Board. Any recommendation for appointments to the General Meeting of Shareholders takes into account experience, background and other diversity factors. ICT strives to have at least 30% females among the members of its Supervisory and Executive Boards and will, when positions become vacant, specifically look for female candidates.

As regards senior management and in order to improve gender diversity throughout the company, the company focusses on fostering female talent across the group, encouraging women's networks and mentoring programmes and promoting gender equality in general. We are making a concerted effort to increase the number of female students in technical studies, which should ultimately be reflected in a more balanced proportion of male/female professionals in this field.

ICT employs people from all over the world, covering some 30 different nationalities bringing a diversified range of nationalities to ICT's work force. ICT supports these international employees in the integration process and offers all the help it can on the social front and with other more practical day-to-day issues.

Business ethics and compliance

ICT clearly communicates the framework of business ethics and procedures are in place to safeguard adherence to and compliance with principles and policies. If and when employees raise ethical concerns, ICT is committed to responding appropriately to misconduct.
All ICT companies and ICT-operated joint ventures must comply with the laws and regulations of the countries in which they operate, such as the relevant legal standards regarding the health and safety of employees, third parties and the environment, and must conduct their activities in line with the ICT Code of conduct and our core values. Respect for human rights is embedded in the Code of Conduct. ICT makes strong efforts to create a positive, transparent working environment that is free from discrimination, harassment and/or intimidation and in which all employees have equal access to information and opportunities.

Employees are encouraged to report any violation of any of the standards and practices as laid down in the Code of Conduct. Such report may be made anonymously via the Company's Whistle-blower Policy, as posted on the company's website. In the past year, no such incident has been reported. These policies, the Code of Conduct and the Whistle-blower Policy, are clearly brought to the attention of all new employees.

Declarations

In 2017, there were no transactions of material significance that involved a conflict of interest for any member of the Executive Board or Supervisory Board.

No transactions of material significance were conducted between ICT Group and any natural person or legal entity holding more than 10% of ICT Group's shares.

In the event of a take-over change of control clauses in contracts are not expected to have a significant impact on the financial performance of ICT.

The statement concerning corporate governance as referred to in article 2a of the decree on additional requirements for annual reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) can be found on our website.

The information related to inclusion of the information required by Article 10 of the Takeover Directive, as required by article 3b of the Decree, is included in this report in the sections Shareholder information, Corporate Governance, Declarations and Remuneration report.

REPORT OF THE SUPERVISORY BOARD

Introduction

We are pleased to present the ICT Group Supervisory Board report for the 2017 financial year. Last year ICT reached the milestone of more than € 100 million in revenue and saw its total workforce increase to over 1,000 employees. ICT continued its strategic path, with a clear focus on the integration and consolidation of the acquisitions made over the last two years. Nozhup was successfully integrated in the ICT Group and management continued to invest in the organisation, both in the Netherlands and in Bulgaria. During the year, the Supervisory Board approved the investments for two new acquisitions, High Tech Solutions B.V. and NedMobiel B.V. Thanks to these acquisitions and other measures, ICT further strengthened its platform for future growth.

Financial statements 2017

The Supervisory Board discussed the 2017 financial statements as prepared by the Executive Board in its meeting on 1 March 2018. The Audit Committee discussed the financial statements and the audit findings in depth with the external auditors, PricewaterhouseCoopers in its meeting of 22 February 2018. The Supervisory Board discussed the financial statements in the presence of the external auditors. Following the review of the independent Auditors Report issued by PricewaterhouseCoopers, plus its findings as summarised in a report to the Supervisory Board and the Executive Board, the Supervisory Board adopted the financial statements. The Auditor's Report is presented on page 140 of this Annual Report.

The Supervisory Board recommends that the Annual General Meeting of Shareholders, to be held on 9 May 2018, adopts the financial statements for the year 2017 and discharges the Executive Board and the Supervisory Board for their management and supervision respectively in the year under review.

Furthermore, the Supervisory Board endorses the Executive Board's proposal to the General Meeting to pay a dividend of € 0.35 per share for 2017. The dividend will be an optional dividend, payable in cash or shares as per 30 May 2018.

Supervisory Board activities in 2017

In the year under review, the Supervisory Board had six meetings in the presence of the Executive Board. Prior to each Supervisory Board meeting, the Supervisory Board met in closed sessions, usually without the members of the Executive Board although occasionally in the presence of the CEO. All Supervisory Board members were present during all meetings. One Supervisory Board member could not participate in one additional telephone conference meeting due to prior commitments.
The chairman has regular working meetings with the CEO. The CFO and chairman of the Audit Committee also have regular working meetings. When deemed useful, individual members contact each other for updates and consultation.

One subject that was a regular item on the agenda was ICT's growth strategy. In 2017, ICT devoted a great deal of attention to the documentation of its strategy to create long-term value for all stakeholders into a more structured model. This resulted in the value creation model based on the IIRC model as presented in this report. The Supervisory Board discussed and challenged this model and the associated stakeholder assessment. As part of the company's long-term strategy, the company's organic growth potential and its acquisition strategy were discussed at a number of meetings. In the context of the growth strategy, the Board discussed potential acquisitions and discussed and approved investment proposals for two of these proposed acquisitions presented by the Executive Board. In the summer of 2017, ICT acquired 100% of the shares in High Tech Solutions B.V., a high technology automation services provider based in the Netherlands. In November 2017, the company signed a letter of intent for the acquisition of all shares in NedMobiel B.V. The Board discussed ICT's ambition to also serve its multinational clients at locations outside the Netherlands. As part of the discussion on ICT's long-term value creation potential, the Board also discussed the company's longer-term horizon, including the opportunities and the threats presented by developments and trends such as digital transformation and the potential of block chain technology.

The Supervisory Board supervised the design and increased effectiveness of ICT's risk management framework via regular updates on developments and improvements. The Supervisory Board reviewed the need to appoint an internal auditor and on the advice of the Audit Committee resolved to do so towards the end of the year. Up to the end of 2017, internal audits were conducted on an ad hoc basis by in-house and external resources that had a direct reporting line to the Audit Committee. In view of the growth of the company and the need for process improvements and alignment, the decision was taken to appoint an internal auditor reporting to the CEO and the Audit Committee from 2018 onwards.

A proposal for the appointment of the chosen candidate will, together with the advice of the Audit Committee to that effect, be submitted to the Supervisory Board for their approval.

Attracting and retaining talents continues to be one of the most important topics for ICT. The actions taken, the close cooperation with universities, employee satisfaction and actions aimed at improving satisfaction levels were all regular topics of discussion. In December, the Executive Board and Supervisory Board discussed the corporate culture and underlying values, as well as how these have been incorporated in the Group. The Board also discussed other aspects of ICT's culture, including the code of conduct and employee satisfaction, as well as the need for any changes. Throughout the year, ICT reiterated its ambition to make the world a little smarter every single day. This ambition reflects the culture of technological experts, where long-term sustainable goals and value creation prevail over short-term profitability.

Financial performance

Key topics throughout the year included ICT's financial performance, cash flow and working capital. The Board had regular scheduled meetings ahead of all key reporting dates. Performance versus budget and the group's financial position were closely monitored and reviewed regularly. The Supervisory Board also discussed integrated reporting and the implementation of reporting on non-financial information. The External Auditors were present in all Audit Committee meetings and in the Supervisory Board meeting at which the full year results were discussed.

Composition of the Supervisory Board & Diversity

The composition of the Supervisory Board was unchanged in the year under review. The maximum term of appointment for the members of the Supervisory Board has been brought in line with the 2016 Governance Code. Supervisory Board members are appointed for a period of four years and may then be reappointed once for another four-year period. A Supervisory Board member may thereafter be reappointed again for a period of two years and that appointment can in principle be extended by at most two years. In the event of a reappointment after an eight-year period, the reason for said reappointment will be explained in the report of the Supervisory Board.

Mr. Sinoo, whose second term ends in 2018, will not be available for re-election in May 2018. The Supervisory Board is grateful for his valuable contribution over the past eight years, in which ICT made significant steps forward. With the assistance of an independent consultant, the Supervisory Board started the process to identify the potential new member to be appointed at the AGM in May 2018. In January 2018, the company announced the nomination of Mrs. Gina van der Werf for appointment as member of the Supervisory Board as per the General Meeting of Shareholders in May 2018.

A profile of the Supervisory Board is available on ICT's website www.ict.eu. The profile was updated in 2017 and will be presented for discussion to the Annual General Meeting in 2018. The Supervisory Board currently comprises four members. The various members bring a wide range of skills and experience to the Supervisory Board from a broad range of backgrounds and industries Two of the four members have non-Dutch nationality. ICT aims for diversity not only in experience and nationality but also in gender and age. When recommending appointments to the AGM, the experience, background and other diversity factors are taken into account. ICT strives to have at least 30% female Supervisory Board members. Subject to the appointment of Mrs. van der Werf by the General Meeting of Shareholders, female members will account for 25% of the Supervisory Board as of May 2018.

The aim for a diverse composition, and the specific gender target, also applies to the composition of the Executive Board and senior management. With an Executive Board consisting of only two positions and an industry where female talent is scarce, it will not be easy to meet this 30% target. In view of the performance in the past four years, there is no intent to amend the composition of the Executive Board, nor to increase the number of Executive Board members. As such, ICT does not expect to meet the 30% target at the level of the Executive Board in the foreseeable future.

The Supervisory Board closely monitors the Executive Board's efforts to fostering female talent across the group, encouraging women's networks and mentoring programmes, together with the promotion of gender equality in general.

The Supervisory Board established that its members can be deemed independent in accordance with the criteria listed in the Corporate Governance Code. There were no conflicts of interest in the year under review.

Quality of supervision
In accordance with the Dutch corporate governance codes, in 2017, the performance of the Executive Board and its individual members, the Supervisory Board and its individual members and the committees were all evaluated. These evaluations were facilitated internally based on extensive questionnaires that were completed by all Supervisory Board and Executive Board members. The input was collated by the chairman of the Remuneration and Appointments Committee and discussed in a closed session of the Supervisory Board. It confirmed that the Boards and the Supervisory Board committees continued to function effectively. The evaluation also confirmed that the culture within ICT is one in which discussions between the members of the Boards themselves and between the Supervisory and Executive Board members take place in a respectful and open manner. The discussions between representatives from the Supervisory Board with representatives from the works council on matters such as strategy, the composition of the Supervisory Board and the culture within ICT, also contributed to this open debate. The contacts between the Supervisory Board and senior management outside the Executive Board have also been both constructive and open. The Supervisory Board received all the information it required to fulfil its role effectively, both from senior management and the Executive Board.

The Supervisory Board received training on the implications of the revised corporate governance code. A gap analysis was made to identify the specific deviations and implications for ICT Group. All Supervisory and Executive Board members attended a two-day summit at Singularity University, to get updates and familiarise themselves with trends in Digital Transformation and its potential impact for ICT. In October, the Group Chief Information Security Officer updated the Audit Committee on cyber security matters and the consequences for ICT of the implementation of the Dutch General Data Protection Act.

Meetings of the Supervisory Board and its committees usually take place at the head office in Barendrecht. To enable the members of the Supervisory Board to familiarise themselves with the various offices and local management teams and to promote the feeling of being at home at all ICT locations, the members visit at least one other office each year (2016 Sofia, 2017 Eindhoven and Oosterhout). The COO of the Group is usually present at each Supervisory Board meeting, to provide an update on operational performance of the various units. Other key managers are present at least once a year on a rotating basis. The Executive Board and the Supervisory Board meet annually with the Board of the Stichting Continuïteit ICT.

The Supervisory Board and the Executive Board share responsibility for ICT Group´s corporate governance structure. At least once each year, the Supervisory Board discusses corporate governance rules applicable to the Company and advises on possible changes. Last year, the Supervisory Board extensively discussed the new Corporate Governance code and the implications for ICT Group. A full gap analysis was conducted, and the Supervisory Board enhanced its understanding of the subject at a specific training course, as mentioned above. The outcome of the gap analysis can be found in the separate section on corporate governance that is included on page 48 of this Annual Report. This section describes the company's approach to corporate governance and explains how the company is implementing the current Dutch Corporate Governance Code. In principle, ICT Group will comply with the provisions of the new Code or explain any deviations.

Supervisory Board committees
The Supervisory Board has an Audit Committee (AC) and a Remuneration and Appointments Committee (RAC). The AC is chaired by Mr. Luthra and the RAC by Mr. Sinoo. For a full view on the composition of the committees see the table below:

Committee	Chairman	Member
AC	Mr. D. Luthra	Mr. J. Sinoo
RAC	Mr. J. Sinoo	Mr. Th. Van der Raadt

Audit Committee
The Audit committee met five times with the CFO and finance director. The CEO and the External Auditors were present at all meetings. The Audit Committee also met with the external auditor in the absence of the Executive Board. The chairman of the Audit Committee reports on the principal issues discussed, on actions to be taken and the follow-up of such actions in the Supervisory Board meeting. Minutes of the Audit Committee meetings are shared with the full Supervisory Board. In the year under review, the Audit Committee reviewed and discussed the following subjects:
- Annual figures 2016 and 2017 quarterly and half year figures
- 2017 budget and quarterly performance versus budget
- 2018 budget and 2018-2022 multi-year plan
- Valuation and performance of acquisitions and purchase price allocation
- Application of accounting principles including the impact of changes in the applicable IFRS standards
- Treasury and working capital management
- Financing position and covenants
- The design and effectiveness of the risk management and control system
- (potential) legal claims and insurance
- The transition to the newly appointed external auditors and their audit plan
- The role and performance of the external auditor
- The need for the formal introduction of the internal audit function

Most of these matters were recurring items on the agenda. Following the appointment of the new auditor at the AGM in 2017, the AC spent the necessary time on establishing its working relationship with the auditor and reviewed their initial findings and audit plan for the year under review. The chairman met frequently with the CFO and finance director to prepare the AC meetings and discussed all the above items. In 2017, the AC discussed the finance organisation and considered the need for an internal audit function. It was concluded that, in view of the growth of the company and future growth initiatives, an internal audit function would enhance the risk and control framework and add value to the organisation. A profile for the function and the internal auditor to be recruited was discussed in December and expectations are that an internal auditor will be retained early 2018.

Remuneration and Appointment Committee
The RAC held four meetings in 2017. During these meetings, the RAC discussed the performance of the Executive Board members, also versus target setting and achievements in 2016. The committee set new targets for 2017 with respect to the short-term variable remuneration. The RAC also discussed the succession planning for the group and reviewed the management structure. To reduce the span of control for the Executive Board members, certain organisational changes were made, which were discussed with the RAC and subsequently adopted by the Supervisory Board on the recommendation of the RAC.

Composition Executive Board
The term of office of members of the Executive Board will end in May 2018. The RAC formulated a proposal to the Supervisory Board for the reappointment of Mr. J Blejie and Mr. J.W. Wienbelt following the General meeting in May 2018. Said proposal was adopted by the Supervisory Board. The Supervisory Board will notify the General Meeting of the intended re-appointment in the convocation with the agenda and explanatory notes to the General meeting in May 2018. The RAC further discussed new management contracts with the members of the Executive Board which were agreed by the Supervisory Board under the dissolving condition of the re-appointment of both members following the General meeting in May 2018.

Other topics discussed during the year included the composition of the Supervisory Board and its profile. In line with the 2016 Governance Code, the RAC submitted a proposal to the Supervisory Board to amend the maximum term of appointment for the members of the Supervisory Board from three times four years to two times four years A Supervisory Board member may thereafter be reappointed again for a period of two years and that appointment can in principle be extended by at most two years. This proposal was adopted by the Supervisory Board and subsequently formed the basis for a new rotation schedule. The RAC also started a search process for a new member resulting in the proposal from the RAC to the Supervisory Board to nominate Mrs Gina van der Werf as member of the Supervisory Board at the general meeting in May 2018. During 2017, the RAC reviewed the long-term incentive plan with support of an external advisor leading to a proposal to the general meeting in May 2017 where the proposal was adopted. The chairman of the RAC reports on the deliberations in the RAC meeting at the Supervisory Board meetings, including decisions, action points and follow up. Minutes of all RAC meetings are distributed to all Supervisory Board members.

REMUNERATION REPORT

Remuneration policy Executive Board

General
The basic precept of the remuneration policy is that qualified members of the Executive Boards must be recruited and retained based on conditions in line with the market. The remuneration policy matches ICT's culture and strategy by the choice of remuneration levels, remuneration ratio's (fixed and variable remuneration) and by the choice of performance criteria for the short and long-term variable remuneration.

Furthermore, the policy is oriented towards preventing these members from acting in their own interests at the expense of ICT and its shareholders' interests and is directed towards preventing members of the Executive Board from being challenged to take risks that do not fit with the strategy. To this matter, the variable part of the remuneration is moderate in relation to the fixed part of the remuneration.

When determining the total remuneration, the internal pay ratio is considered as well. To establish alignment with the market, the remuneration of the members of the Executive Board is determined on the basis of a comparison against a wide reference group consisting of companies quoted on the stock market that are comparable in terms of size, operate internationally, have a comparable revenue and with headquarters located in the Netherlands.

The remuneration policy for the members of the Executive Board is determined by the General Meeting, based on a proposal of the Supervisory Board. The Supervisory Board determines the remuneration of the individual directors, based on a proposal of the Remuneration and Appointment Committee, in line with the established remuneration policy.

Before drafting the remuneration policy and before determining the remuneration of the individual members of the Executive Board, the Supervisory Board analyses the potential outcomes of the variable remuneration components, the impact of the outcomes on the remuneration of the Member of the Executive Board and the pay ratio within the company.

The remuneration policy was reviewed and amended in 2017. Amendments related to the long term variable incentive were as described in the explanatory notes to the agenda of the General Meeting on 10 May 2017. After adoption of the proposal for amending the remuneration policy by the General Meeting, the new remuneration policy is applicable effective 1 January 2017 and includes the following elements.

Remuneration package

In order to safeguard ICT's long-term and short-term interests as far as possible, the remuneration package for the members of the Executive Board consists of the following components:

- fixed remuneration consisting of a fixed management fee and a fixed amount for the reimbursement of costs for insurances for healthcare and occupational disability as well as the costs for accruing a pension;
- variable remuneration related to short-term results (short-term incentive) in the form of a cash bonus for achieving the annual performance criteria;
- variable remuneration related to long-term achievements (long-term incentive) in the form of a cash bonus depending on the increase in earnings per share and the amount of the own investment in ICT shares of the member of the Executive Board.

By dividing the remuneration into various components, the Supervisory Board strives towards a healthy balance between short-term and long-term orientation in the remuneration. The Supervisory Board is of the opinion that the variable components are appropriate given the role of the members of the Executive Board, the company profile and the risk profile of the company.

Fixed remuneration

Members of the Executive Board receive a fixed management fee plus a fixed amount as reimbursement for the costs for insurances for healthcare and occupational disability as well as the costs for accruing a pension. Depending on the specific agreement with the member of the Executive Board, the fixed remuneration level remains unchanged for a number of years (except for indexation). Amendment of the fixed remuneration as a result of indexation will be determined in December and take effect per 1st January of the following year.

Variable remuneration - Short-term incentive

The short-term incentive of a member of the Executive Board – in case the performance criteria are met – amounts to 50% of the fixed management fee that was paid during the year to which the short-term incentive relates. In case of over-performing, the short-term incentive can be increased up to a maximum of 100% of the fixed management fee. If the performance criteria are not fully achieved, but performance is still above the previously determined threshold level, then the short-term incentive can amount to 25 to 50% of the fixed management fee. Below the threshold level, no short-term incentive will be granted.
Each year in advance, the Supervisory Board determines the performance criteria and establishes the relationship between performance levels and payment level in a graduated performance scale. The performance criteria are laid down in balanced scorecards.
Seventy percent (70%) of the short-term incentive is related to financial performance criteria and thirty percent (30%) to other, sometimes more qualitative, performance criteria which are linked to the strategy of the company. For the financial targets, the Supervisory Board will use those key figures that are most relevant for assessing the performance of the company in relation to its strategic objectives. These are revenue, EBITDA and operational cash flow. The extent to which the financial performance criteria are achieved is determined based on ICT's annual accounts (as submitted for adoption to the General Meeting), drafted by the Board of Directors and audited by an external auditor.
The other performance criteria vary per year and are related to the strategy and continuity of the company. The extent to which the other, sometimes more qualitative, performance criteria are achieved is either determined on basis of the measured figures or discretionally by the Supervisory Board. Under special circumstances, the Supervisory Board can discretionally decide to pay a higher or lower short-term incentive than the one that would result from using the previously determined criteria.

The determined short-term incentive is paid after the General Meeting has adopted the annual accounts of the performance year in question. The member of the Executive Board is obliged to invest 33% of the variable remuneration in ICT shares (see below).

Variable remuneration - Long-term incentive

The long-term incentive is linked to the increase in earnings per share and depends on the amount of the own investment in ICT shares by the relevant member of the Executive Board. Depending on the increase in earnings per share achieved over a performance period of three years, the members of the Executive Board will be awarded a long-term cash bonus.
Based on the short-term incentive regulation, the members of the Executive Board must invest 33% of the amount of the short-term incentive in ICT shares. The investment must be made within a period of two months after the date on which the members become entitled to the amount of the short-term incentive. Purchased shares must be kept for at least three years or until the end of employment if this period is shorter. As such, the lock up period is never longer than the employment period.
In addition to this obligatory investment in ICT's shares, the members of the Executive Board may annually invest a further sum of up to 33% of the fixed management fee that was paid in the base year to which the short-term incentive relates. This additional investment falls under the long-term incentive regulation if the investment is made within the period of two months that applies to the mandatory investment.
If, during the three years under review after the base year, the earnings per share has achieved the set target, ICT shall pay a cash bonus equal to 100% of the amount invested in the base year. If the set target is exceeded, the cash bonus can amount up to a maximum of 150% of the invested amount. If the target is not achieved, but the earnings per share is still above or at the threshold level, then the cash bonus equals 50% - 100% of the invested amount. Below the threshold level, there is no cash bonus. The performance criteria and the threshold and maximum levels of the long term incentive plan are determined each year by the Supervisory Board.
Although no minimum level is formally agreed upon, the members of the Executive Board are expected to hold or to build a net shareholding in ICT shares in the amount equal to one annual fixed management fee.

Right to reclaim the variable remuneration ('claw back')

The company is authorised to reclaim – in part or entirely – the variable remuneration as far as the payment occurred on the basis of incorrect information regarding the achievement of the performance criteria or regarding the circumstances on which the variable remuneration depended.

Miscellaneous

Agreements and appointment term

Members of the Executive Board are appointed for a period of four years and may be reappointed for consecutive periods of four years.
Executive Board members have a management agreement with ICT rather than a contract of employment. As a rule, these agreements are concluded for a period of four years with the possibility of an extension. In view of specific wage tax regulations (doorbetaaldloonregeling), the fixed management remuneration has been reviewed with and approved by the Dutch tax authorities.
A mutual period of notice of six months shall apply. In case ICT serves a notice to terminate, ICT will pay, in addition to the notice period, a severance amount equal to 50% of the annual fixed management fee. No specific agreement has been entered into between the company and the members of the Executive Board providing for compensation in the event of termination of the management contract following a public bid for ICT.

Loans

The corporation does not grant any personal loan to the members of the Executive Board.

Remuneration policy Supervisory Board

The remuneration for the members of the Supervisory Board is determined in the General Meeting of Shareholders on 13 May 2015. The remuneration has been set for the period 2015 to 2018/2019. Based on the policy the Supervisory Board members receive the following remuneration:

- Standard remuneration for a member of the Supervisory Board - € 30,000 per annum;
- Standard remuneration for the Chairman of the Supervisory Board - € 42,000 per annum;
- Additional remuneration for the Chairman of the Audit Committee - € 6,000 per annum;
- Additional remuneration for the Chairman of the Remuneration and Appointments Committee - € 5,000 per annum
- Additional remuneration for a member of the Audit Committee - € 4,000 per annum;
- Additional remuneration for a member of the Remuneration and Appointments Committee - € 3,000 per annum;
- Allowance for general expenses € 2,500 per annum.

Remuneration in 2017

Fixed remuneration in 2017

For an overview of the fixed remuneration paid in 2017 please see note 24 on page 116 of this report.
The management agreement for the members of the Executive Board ended as per 1 December 2017 for the CEO and will end per 1 April 2018 for the CFO. The company entered into new management contracts with the members of the Executive Board under the dissolving condition of their re-appointment by the Supervisory Board following the General meeting in May 2018. As part of the renewed management contracts, the fixed management fee has been increased for the first time since the initial appointment. The new fee is based on a benchmark study carried out by an independent consultant and reflects the growth of the company and performance of both Executive Board members. Other than the increase of the fixed management fee and some amendments to bring the agreement in line with the revised remuneration policy as adopted by the General Meeting in May 2017, the new agreements do not materially deviate from the previous agreement.

Variable remuneration in 2017

For an overview of the variable remuneration paid in 2017 please see note 24 on page 116 of this report. The overall score for both members of the Executive Board on the variable short-term is 101% leading to a bonus equal to 50,5 % of the fixed management fee. Under the long-term incentive plan, a cash bonus has been accrued for in 2017. This bonus equals 75% of the amount invested by the members of the Executive Board in 2015.

Pay ratio

Further to best practice 3.4.1 sub (iv) of the Dutch corporate governance code the remuneration of the CEO in 2017 has been compared with the average remuneration in 2017 of all direct FTE's with an employment contract based in the Netherlands. Remuneration of the CEO includes the fixed management fee, the fixed amount as reimbursement for the costs for insurances for healthcare and occupational disability as well as the costs for accruing a pension and the costs of a lease car. Remuneration of the FTE's includes the fixed remuneration including employer costs of the fixed remuneration plus costs of a lease car and general expenses.

Based on this calculation the pay ratio is 5.1

Remuneration policy 2018 and beyond

It is ICT's policy to review the remuneration policy every year. No changes are expected to the policy in 2018.

The members of the Supervisory Board would like to express their gratitude to all employees of ICT Group and the Executive Board for their hard work and their much-valued contribution to the company.

Barendrecht, 1 March 2018

The Supervisory Board
Th. J. van der Raadt (Chairman)
J.A. Sinoo (Vice Chairman)
F.J. Fröschl
D. Luthra

ICT Healthcare enables hospitals to use revolutionary imaging software

OncoRadiomics is the developer of the innovative imaging analysis software RadiomiX. The software reveals unique characteristics of tumours (biomarkers) by analysing medical imaging such as MRI, CT and PET scans. This information can then be used to personalise cancer diagnosis and treatment. OncoRadiomics developed a prototype of the RadiomiX application in MATLAB.

The challenge was to make this prototype suitable for use in hospitals. This requires protected access for multiple users, support for multiple platforms and an intuitive user interface. On top of this, CE marking and proper documentation is needed for the clinical use of the application.

ICT Healthcare created a future-proof, well-documented, easy to maintain, multilingual SaaS environment for multiple users. The environment offers a clinical version and a research version. In the clinical version, users can upload and analyse images of a single patient, while the research version allows users to analyse data from hundreds of patients.

The application itself was developed using Microsoft .NET technology and the ICT SmartPortal on Microsoft Azure Cloud. The environment operates using protected (HTTPS) connections and secure login services. All the data entered into the system is also encrypted and pseudonymised as soon as it is uploaded, to protect both privacy and security.

ICT Healthcare developed the SaaS application in accordance with ISO 13485/IEC 62304 and has drawn up all relevant documentation for the submission of the application as a CE class 1 medical device.

THE CHALLENGE:

Make the imaging analysis software prototype suitable for safe clinical use.

THE SOLUTION:

ICT Healthcare developed a SaaS application with CE marking, which uses protected (HTTPS) connections and login services.

THIS IS NEXT:
PROCESSING TWO MILLION LITERS OF RAW MILK DAILY

THE CHALLENGE:

Getting the most out of milk with Smart Factory.

THE SOLUTION:

A fully-digitalised production process,that sets the standard for efficiency, sustainability and (food) safety.

FrieslandCampina gets the most out of milk with Smart Factory

The European food and processing industry is still a worldwide leader in terms of quality, sustainability, reliability and efficiency. However, staying at the top doesn't just happen by itself. That's why FrieslandCampina is investing around EUR 150 million in a new state-of-the-art dairy factory in Leeuwarden. The factory is connected to the hilt and operates fully automatically thanks to the integration of ICT Group's smart technology. Just two process operators will eventually be needed to process two million litres of milk into dozens of different products every single day. Welcome to next level of dairy processing, welcome to the future of the food industry.

With annual turnover of EUR 11.1 billion, FrieslandCampina is one of the six largest dairy companies in the world. In its 140-year history, the company has achieved strong market and brand positions by making optimal use of the unique Dutch milk chain. To make sure it can continue to do that, the dairy giant defined the route2020 strategy, which has two central ambitions at its core: sustainable growth and value creation.

PAVE2, foundation for the future

One of the primary goals of the FrieslandCampina cooperative is to increase the milk yield from its member dairy farmers. From 2018, the company will achieve this in PAVE2, a brand new fully-automated factory that will process milk into dozens of evaporated milk products. 'The new smart factory is vital to FrieslandCampina's future,' says Perry Elbers, PAVE2 project manager at the company. 'The market for evaporated milk, EVAP, is still a growth market for FrieslandCampina, but we need to be incredibly efficient to remain competitive. We want to be able to produce more with less manpower.' In other words: FrieslandCampina wants to get the most out of milk, now and in the future.

MOMS

ICT Group has been involved in the construction of the new factory from the very start, back in 2013. 'ICT is responsible for the entire design and the implementation and realisation of the factory's Management Operating Manufacturing System (MOMS). MOMS is a combination of the Wonderware and PCS7 packages by Siemens,' says ICT project manager Frank Baars. He explains how the cooperation between FrieslandCampina and ICT Group started.

'Because FrieslandCampina had never realised the smart factory concept before, they asked us to come up with a proof of concept first. Thanks to this approach, we were able to show FrieslandCampina exactly what a smart factory would look like. Then we moved on to workshops and interviews with technologists, industry operators, process operators and planners to find out what specifications and solutions were needed for the factory. After that, we started on design and construction, plus we drew up an Operator Philosophy.'

Lynchpin in digitalisation

This first concept was then used as the basis for the development of the definitive design of MOMS. The fully-automated functionalities of MOMS include order and recipe management, tracking and tracing, logistics, inventory management, downtime analysis and quality management. 'Our solutions actually act as the lynchpin between the automation layer above us - the order intake and processing via SAP - and the layer below us, the actual production process,' explains Bas Hazewinkel, Business Development Manager.

Hygiene and sustainability top priorities

The result is a fully-digitalised production process that enables the fully-automated factory to process raw milk into various evaporated milk products, such as milk for coffee, tea or kids' milk. 'Aside from more efficient production, increasing the company's food safety and sustainability are also important reasons to opt for the use of a smart factory,' Elbers stresses. 'Hygiene and sustainability are top priorities at FrieslandCampina. Reducing the number of human actions in the production process also significantly reduces the chances of contamination of (semi-finished) products. At the same time, this smart factory will handle raw materials and resources such as water, compressed air, steam and electricity much more efficiently and sustainably.

More focus on quality

The fully-automated production process also enables FrieslandCampina to focus on quality and composition both earlier in the process and more effectively. 'Our customers want an end product that always has the same quality and composition,' says Elbers. 'That's important, because cow's milk is a product that doesn't always have the same composition. The specific composition depends, among other things, on the season and the food the cows eat. These determine the protein, fat and lactose levels. That's why, in the new factory, we conduct more measurements earlier in the process.' Hazewinkel adds to this: 'Previously, samples were sent to a laboratory first, but you want to be able to make adjustments at an early stage. That's why measurement begins at the intake of cow's milk, which means you produce milk with the same constant quality and composition.'

Efficiency boost

Fully automating the process will result in a factory that, according to Elbers, will be about 30 to 40 percent more efficient in terms of energy consumption. The required process operators will also be a fraction of the current number. Elbers: 'That minimal staffing also means that there will be an enormous increase in efficiency, while we are simultaneously increasing the quality of our product.'

Remaining global leaders

All of this shows that digitalisation and process automation are the future of the dairy and food industry. Elbers: 'If we want to remain at the top of the global dairy industry, we will have to differentiate ourselves in terms of efficiency, food safety, quality and sustainability. Thanks to the imminent completion of PAVE2 and the excellent cooperation with ICT Group, we have total confidence in our ability to achieve those goals.'

Frank Baars, project manager at ICT Group

Perry Elbers, project manager at FrieslandCampina

Bas Hazewinkel, Business Development Manager at ICT Group

THIS IS NEXT: KEEPING THE COUNTRY MOVING

THE CHALLENGE:

Reliable road, railways and waterway infrastructure under growing use.

THE SOLUTION:

Predictive maintenance ensures cheaper and reliable infrastructure.

Prevention is better than making repairs

Roads, railways and waterways form the vital arteries of our economy. The economic and social costs of any blockages in that system can be huge. That could be in the form of traffic jams due to emergency repairs, delays as a result of rail signal or switch failures or flooding in streets or homes due to heavy rainfall. BAM Infra Nederlands, which is responsible for the construction and maintenance of roads, bridges, tunnels, locks and pumping stations, does everything in its power to prevent problems and inconvenience, with the assistance of ICT Group.

BAM Infra and ICT Group teamed up to develop technology that automatically recognises damage to road asphalt. We use machine learning to analyse and classify images of asphalt taken periodically by cars fitted with 360-degree cameras. This includes recognising holes, cracks and fraying in the asphalt, but also spotting animal carcasses. We then use an algorithm to link the damage to geographical data and that tells us the exact location of the damage. "Our asphalt experts currently do all the image analysis and classification," says director Marinus Schimmel of BAM Infra. "But there's no way they can ever monitor the entire road network. And we can still miss damage because we're only human. Automatic analysis using the self-learning model is both faster and more accurate. We see instances of damage earlier, so we can plan maintenance or repairs at an early stage and that helps us prevent emergency repairs and the resultant traffic jams."

Predictive maintenance

Automatic asphalt recognition is one example of digital asset management. BAM Infra uses data on the use of assets to increase the reliability of those assets. Because Schimmel believes that reliability will be one of the biggest challenges in the years ahead. "We will see a big increase in the intensity of infrastructure use both above and below ground in the coming years and that will also drive up the social damage. To prevent that, we will have to get a lot better at predicting when a problem will arise, so we can carry out maintenance in time. This predictive maintenance is cheaper and it reduces nuisance levels."

Co-creation

"In order to predict potential problems, you need data, and in the case of asphalt recognition that means data about the wear on the asphalt," Schimmel explains. "But of course data management is not our field. It's an IT issue, so we needed to hire an external partner. We chose ICT Group because of their extensive expertise and experience with data-based prediction. I think it's really very clever how they've managed to take all that know-how and experience of such complex material, which they acquired in the industry sector, and apply it in our field. They also came in with a fresh perspective, so they keep our people on their toes and focused." Aart Wegink, Director Digital Transformation of ICT Group totally agrees: "Our Digital Transformation team includes people who have worked in areas such as water & infrastructure and industry. They have all the required know-how and experience and they also use the latest technologies, such as machine-learning algorithms. They are the bridge if you like between the world of BAM and the world of IT. And that's how we arrive at co-creation."

Business case always the driving force

That cooperation began with a project for BAM Infra Rail, in which ICT collected data and transformed it into relevant information that helped BAM to predict switch maintenance accurately. This was followed by a range of other data-driven innovations, such as automatic asphalt damage recognition, railway platform tiles that measure when it's time for gritting, and smart pumping stations. No matter how varied these projects are, they all have

Marinus Schimmel, director BAM Infra the Netherlands

Aart Wegink, director Digital Transformation ICT Group

something in common, says Wegink. "The business case is always the driving force, and the data and technology are the means to an end. The question we ask each and every time is: 'what added value can we create for BAM's clients using data?' The Schiphol case is a great example. In the Schiphol project, we collected data from the sewage pumps in the airport. Among the many things this data revealed was that a few pumps were carrying a much bigger load than expected. And at other times, the pumps were working too slowly. Plus we discovered other things, like the fact that the pressure on the sewage system increased massively right after the biggest Airbus airplane had landed, because the hundreds of passengers all dashed straight to the toilet." Because those pumps are now being adjusted to those situations, they will soon be running a lot more efficiently, and that reduces the chance of toilets overflowing. "On top of that, we can also use the data to predict what the growth of Schiphol will mean for the sewage system in the future. And based on that prediction, BAM can expand the infrastructure on time and on schedule,"

Showing leadership

Digital transformation is a gradual process, says Schimmel. "The biggest challenge is getting the organisation on board. After all, their first reaction is frequently 'yes, but', followed by a whole range of counter arguments. At that point, you have to show leadership and say: we're going ahead with this anyway." Schimmel believes that suppliers and clients need to have the same levels of conviction and courage. "In the old days, we found solutions to client requests in the lab, structured and disconnected from reality. Now we say to each other: we have a problem, we think we can solve it but we're not quite sure how yet. Then you embark on an adventure together and sometimes we stumble across some surprising insights and solutions along the way."

Shared vision

BAM Infra made people and resources available to help make the digital transformation possible. Reflecting on one of the success factors, Schimmel says: "It's very important that the top management at BAM and ICT share the same vision when it comes to predictive maintenance." And Wegink adds: "We used the likes of brainstorming sessions to get the layers below on board, too. We also opened the floor to discussions about people's concerns and worries. Of course the asphalt experts had to get used to predictive maintenance, but they were really enthusiastic once they saw the benefits. Thanks to this technology, they can monitor more frequently and the special and more complex cases land on their desks."

What do Schimmel and Wegink expect for the future? "The time to market for new innovations will become shorter and shorter," says Schimmel. And we have plenty of fresh ideas. "We're toying with the idea of having our asphalt rollers drive autonomously, for one." Wegink also sees opportunities for marketing innovations as services. "We could market what we did for Schiphol in the form of a pay-per-use model." This would make BAM much more of a services provider. "But to do that, we would still have to be at the top of our game as a contractor. So we will always be a contractor. But a digital contractor," Schimmel concludes.

“We realise our strategic ambition by combining the right people, technology and ideas”

Chief Operations Officer Roy Jansen is responsible for the execution of ICT’s value creation strategy. The key is to combine the right people, technology, environment and ideas, he explains in an interview.

How do you translate this strategy into day-to-day operations?
“If we really want to realise our ambition we will have to execute at a very high level. ICT has a very clear and comprehensible strategy. Most important is to translate that strategy into a strategic road map. We use our business units and operating entities to do this, because that is where our clients, our employees and our operations all come together. Our units and entities translate our strategic goals into achievable annual plans and targets. And each quarter we get together to assess the progress we have made towards achieving our goals, which means we can make any adjustments that might be necessary in time.”

“I believe our culture is the final key factor for effective execution”

What are the most important conditions for effective execution?
“Annual plans and close monitoring are obviously essential for effective execution, but I believe our culture is the final key factor. What I mean by culture is: do we have the right people in the right place? For instance, we know that high performance organisations are successful not only because their people have the right expertise and skills, but also because they share the same values. For ICT Group, those values include integrity and entrepreneurship. We are passionate techies, who always want to be ahead of the game in their specific segment of the market. By recruiting these types of people and then training them and connecting them with technology and ideas is how we create added value in the form of innovations and business propositions.”

“Strategy and execution go hand in hand”

What are the challenges on the execution front and how do you overcome those challenges?
“Strategy and execution go hand in hand. Our Strategy Execution Framework helps us to translate our strategy into smart goals at individual employee level. In my opinion, the framework has to be simple, recognisable and attractive for all our managers and staff members. Strategy is also synonymous with change; we need to be adaptive and we need to constantly anticipate and respond to the countless number of matters that influence us. What I mean by this, first and foremost, is the very rapidly changing world around us, but also trends, opportunities, technological developments and cyclical fluctuations.”

Could you give an example of that?
“Taking into account the ongoing technological developments, ICT simply has to grow. We need to be able to respond quickly to these developments and that requires a certain critical mass of about € 150 to € 200 million in annual revenues. ICT has a buy-and-build strategy, so we are therefore targeting growth both organically and through acquisitions. We are also changing from a typically Dutch company into an internationally-operating organisation.”

Roy Jansen, Chief Operations Officer at ICT Group

How will ICT Group succeed in the execution of its strategy?
“Four years ago, we began with the clear formulation of our strategy. But this strategy is not something that is written in stone for years ahead, because we assess it on a regular basis. When we do this, we ask ourselves if we are still moving in the right direction. We have managed to achieve growth both organically and through acquisitions and we have managed to incorporate newly acquired companies into ICT group. We are also looking to become a high performance organisation, initially in the Netherlands but ultimately in Europe, too.”

CONSOLIDATED FINANCIAL STATEMENTS 2017

- Consolidated balance sheet
- Consolidated statement of comprehensive income
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
- Notes to the consolidated financial statements

CONSOLIDATED BALANCE SHEET

As at 31 December (before proposed profit appropriation)

(x € 1,000)	Note	2017		2016	
Assets					
NON-CURRENT ASSETS					
Property, plant & equipment	7	2,913		2,477	
Goodwill	8	22,308		21,851	
Other intangible assets	9	13,154		14,218	
Investment in joint ventures	10	1,044		1,161	
Investment in associates	11	419		1,655	
Deferred tax assets	12	176		2,056	
Other financial assets	13	863		436	
			40,877		43,854
CURRENT ASSETS					
Trade and other receivables	14	33,508		28,595	
Corporate income tax receivable		690		1,134	
Cash and cash equivalents	15	6,500		5,567	
			40,698		35,296
TOTAL ASSETS			81,575		79,150
Equity and liabilities					
SHAREHOLDERS' EQUITY	16				
Issued share capital		941		929	
Share premium		14,209		13,768	
Currency translation reserve		95		75	
Legal reserve		2,269		1,744	
Treasury shares		-		-	
Retained earnings		24,159		21,753	
Net profit		5,226		5,006	
Attributable to shareholders of ICT Group N.V.		46,899		43,275	
Non-controlling interest		762		434	
			47,661		43,709
NON-CURRENT LIABILITIES					
Deferred tax liabilities	12	2,915		3,414	
Share-based compensation and long-term employee benefits liabilities	17	296		414	
Loans (long-term)	18	4,230		6,762	
Deferred acquisition consideration (long-term)	20	3,261		3,132	
			10,702		13,722
CURRENT LIABILITIES	19				
Trade payables		3,296		3,008	
Corporate income tax payable		410		62	
Other taxes and social security premiums		7,731		6,618	
Loans (short-term)	18	2,586		2,654	
Bank overdrafts	15	250		17	
Other current liabilities		8,939		9,360	
			23,212		21,719
TOTAL EQUITY AND LIABILITIES			81,575		79,150

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

(x € 1,000)	Note	2017	2016
Continuing operations			
Revenue	22	**104,989**	**89,729**
Cost of Materials and subcontractors		11,594	10,354
Employee benefit expenses	23	62,516	52,014
Depreciation and amortisation	7,9	3,559	2,924
Other operating expenses	28	18,881	17,065
Total operating expenses		96,550	82,357
Operating profit		**8,439**	**7,372**
Financial expenses	29	(546)	(538)
Financial income	29	62	6
Result from joint ventures	10	113	221
Result from associates	11	(541)	(1,044)
Result before taxes from continuing operations		**7,527**	**6,017**
Income tax expense	30	(1,915)	(1,705)
Net profit from continuing operations		**5,612**	**4,312**
Discontinued operations			
Net profit after taxes from discontinued operations	21	**-**	**810**
Net profit		**5,612**	**5,122**
Other comprehensive income (loss), net of tax		20	(22)
Total comprehensive income		**5,632**	**5,100**
Net profit attributable to:			
- Shareholders of ICT Group N.V.		**5,226**	**5,006**
- Non-controlling interests		**386**	**116**
Total comprehensive income attributable to:			
- Shareholders of ICT Group N.V.		**5,246**	**4,984**
- Non-controlling interests		**386**	**116**
Earnings per share:			
From continuing and discontinued operations			
Basic earnings per share (in €)		0.56	0.56
Diluted earnings per share (in €)		0.56	0.56
From continuing operations			
Basic earnings per share (in €)		0.56	0.47
Diluted earnings per share (in €)		0.56	0.47

There are no non-recyclable other comprehensive income items. The other comprehensive income items are fully related to equity accounted associates.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December

(x € 1,000)	Issued share capital	Share premium	Currency translation reserve	Legal reserve	Treasury shares	Retained earnings	Profit for the year	Total	Non-controlling interest	Total equity
	Attributable to owners of the parent									
1 January 2016	**875**	**8,411**	**97**	**1,392**	**-**	**21,171**	**3,551**	**35,497**	**-**	**35,497**
Net profit	-	-	-	-	-	-	5,006	5,006	116	5,122
Other comprehensive income	-	-	(22)	-	-	-	-	(22)	-	(22)
Total comprehensive income	-	-	(22)	-	-	-	5,006	4,984	116	5,100
Dividends paid	-	-	-	-	-	(2,123)	-	(2,123)	(143)	(2,266)
Acquisition of subsidiaries	-	-	-	-	-	(461)	-	(461)	461	-
Purchase of treasury shares	-	-	-	-	(310)	-	-	(310)	-	(310)
Sale of treasury shares	-	-	-	-	277	-	-	277	-	277
Issuance of new shares	54	5,357	-	-	-	-	-	5,411	-	5,411
Transfers	-	-	-	352	33	(385)	-	-	-	-
Prior year result allocation	-	-	-	-	-	3,551	(3,551)	-	-	-
31 December 2016	**929**	**13,768**	**75**	**1,744**	**-**	**21,753**	**5,006**	**43,275**	**434**	**43,709**
1 January 2017	**929**	**13,768**	**75**	**1,744**	**-**	**21,753**	**5,006**	**43,275**	**434**	**43,709**
Net profit	-	-	-	-	-	-	5,226	5,226	386	5,612
Other comprehensive income	-	-	20	-	-	-	-	20	-	20
Total comprehensive income	-	-	20	-	-	-	5,226	5,246	386	5,632
Dividends paid	-	-	-	-	-	(2,052)	-	(2,052)	(58)	(2,110)
Dividend stock charged	-	(1,012)	-	-	-	-	-	(1,012)	-	(1,012)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	(331)	-	-	(331)	-	(331)
Sale of treasury shares	-	-	-	-	308	-	-	308	-	308
Issuance of new shares	12	1,453	-	-	-	-	-	1,465	-	1,465
Transfers	-		-	525	23	(548)	-	-	-	-
Prior year result allocation	-	-	-	-	-	5,006	(5,006)	-	-	-
31 December 2017	**941**	**14,209**	**95**	**2,269**	**-**	**24,159**	**5,226**	**46,899**	**762**	**47,661**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

According to the direct method

(x € 1,000)	2017		2016	
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from customers	117,403		106,197	
Payments to suppliers and employees	(109,140)		(98,680)	
		8,263		7,517
Interest paid	(362)		(328)	
Income tax received (paid)	13		(2,131)	
		(349)		(2,459)
Net cash flow from operating activities		**7,914**		**5,058**
CASH FLOW FROM INVESTMENT ACTIVITIES				
Additions to property, plant and equipment	(1,293)		(1,138)	
Additions to software and product development	(882)		(405)	
Acquisition of subsidiaries (net of cash acquired)	(1,215)		(6,291)	
Sale of an associate	715		-	
Additions to other financial assets	(489)		(881)	
Dividend received from joint venture	230		294	
Net cash flow from investment activities		**(2,934)**		**(8,421)**
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares (incl. share premium)	453		-	
Purchase of treasury shares	(331)		(310)	
Re-issuance of treasury shares	308		277	
Proceeds (repayments) of borrowings (external loans)	(2,600)		6,107	
Payment of earn-out liabilities	-		(1,589)	
Dividend paid to non-controlling interest	(58)		(143)	
Dividend paid to shareholders of ICT Group N.V.	(2,052)		(2,123)	
Net cash flow from financing activities		**(4,280)**		**2,219**
Net cash flow		**700**		**(1,144)**
Cash at bank and in hand (net) as at 31 December	6,250		5,550	
Cash at bank and in hand (net) at 1 January	5,550		6,694	
Increase (decrease) cash and cash equivalents		**700**		**(1,144)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ICT Group N.V. (Trade Register number: 24186237) and its subsidiaries ("ICT", "ICT Group" or "the Company") is a public limited liability Company incorporated and established in the Netherlands. In the context of the consolidated financial statements, the Company is also referred to as the "ICT group of companies".

The address and domicile of ICT Group N.V. is:
Kopenhagen 9
2993 LL Barendrecht
Telephone: +31 (0)889082000
Fax: +31 (0)889082500

The consolidated financial statements of ICT Group N.V. for the year ended 31 December 2017 were authorised for issue by the Executive Board on 1 March 2018, were signed by the Executive Board and the Supervisory Board on 1 March 2018 and will be submitted for adoption to the General Meeting on 9 May 2018.

ICT Group is a leading industrial technology solutions and services provider. The solutions we offer our clients involve software development, solutions on project basis, the secondment of experienced and highly educated staff as well as services to maintain IT systems.

Technology based-innovations are critical for the competitive edge of our customers; getting smarter every day in every product, process or application. Our specific industry knowledge enables us to link people, technology and ideas. With over 1000 dedicated technical professionals in the field, we are capable of translating new and innovative technologies into relevant business solutions, enriched with state-of-the-art technologies.

Within our focus areas Smarter Cities, Smarter Industries and Smarter Health we serve the following key industries: Transport & Logistics, Automotive & Mobility, Energy, Oil & Gas, Water & Infrastructure, Healthcare, Food, Chemicals & Pharma, Manufacturing and High Technology.

ICT is globally active and operates from several locations in the Netherlands, Belgium and Bulgaria (Strypes). ICT is also active in Traffic & Transport (InTraffic), Testing and Training (Improve Quality Services) and Enterprise Mobility (ICT Mobile).

In this Annual Report, where information has been presented in thousands or millions of units, amounts may have been rounded off. Accordingly, totals of columns or rows of numbers in tables or charts may not be equal to the apparent sum of the individual items. Actual numbers may differ from those contained herein due to such rounding off.

2. GROUP INFORMATION

The following group companies are included in the consolidation.

Group companies		
ICT Automatisering Nederland B.V. [1,2]	Barendrecht (the Netherlands)	100%
High Tech Solutions B.V. [1]	Apeldoorn (the Netherlands)	100%
Improve Quality Services B.V.	Waalre (the Netherlands)	100%
ICT Nearshoring B.V.	Eindhoven (the Netherlands)	100%
Strypes EOOD Ltd.	Sofia (Bulgaria)	100%
Strypes Nearshoring Ltd.	Sofia (Bulgaria)	100%
Raster Beheer B.V.	Dreumel (the Netherlands)	100%
Raster Products B.V.	Dreumel (the Netherlands)	100%
Raster Industriële Automatisering B.V.	Dreumel (the Netherlands)	100%
ICT Belgium BVBA [5]	Aartselaar (Belgium)	100%
Raster Industrielle Automatisierung GmbH	Essen (Germany)	100%
Buro Medische Automatisering B.V.	Houten (the Netherlands)	51%
BMA Belux BVBA	Bellegem (Belgium)	51%
BMA France SAS	Versailles (France)	51%
BMA Telenatal B.V. [4]	Houten (the Netherlands)	26%
Cheese Maze Holland B.V. (until 31 March 2017) [2]	Oosterhout (the Netherlands)	100%
Nozhup B.V. (until 31 March 2017) [2]	Oosterhout (the Netherlands)	100%
ICT Mobile B.V.	Barendrecht (the Netherlands)	51%
ICT Poland Sp. z o.o. (in liquidation) [3]	Gdansk (Poland)	100%

1) In 2017, a legal merger was filed for ICT Automatisering Nederland B.V. (surviving entity) and High Tech Solutions B.V. The legal merger has no financial impact on the consolidated financial statements of ICT. The legal merger became effective as of 1 January 2018.
2) ICT acquired 100% of the shares in Cheese Maze Holland B.V. and its 100% subsidiary Nozhup B.V. as of 6 September 2016. In February 2017, ICT filed a legal merger request for ICT Automatisering Nederland B.V. (surviving entity) and Cheese Maze Holland B.V. and Nozhup B.V. The legal merger became effective as of 1 April 2017. The legal merger had no financial impact on the consolidated financial statements of ICT.
3) At the end of March 2016 ICT announced the closure of the ICT Poland operation effective 31 May 2016. Subsequently the company went into liquidation in September 2016 and liquidation is expected to be finalised in the first half year 2018.
4) At the end of 2016 Buro Medische Automatisering B.V. incorporated BMA Telenatal B.V. and holds 51% of the shares. ICT Group N.V.'s effective shareholding in BMA Telenatal B.V. is 26.01%.
5) Formerly named Raster BVBA.

Joint ventures and associates		
InTraffic B.V.	Utrecht (the Netherlands)	50%
Strypes Nederland B.V. (until 24 November 2017) [6]	Leersum (the Netherlands)	25%
LogicNets, Inc.	Washington D.C. (USA)	20%
GreenFlux Assets B.V.	Amsterdam (the Netherlands)	24.49%

6) Strypes Nederland B.V., a participating interest of Strypes EOOD Ltd., was divested on 24 November 2017.

3. BUSINESS COMBINATIONS AND ACQUISITIONS OF SUBSIDIARIES

ACQUISITION OF HIGH TECH SOLUTIONS B.V.

On 2 June 2017, the Group acquired 100% of the shares and voting interests in High Tech Solutions B.V. (“HTS”), a Dutch based high technology automation services provider. HTS is an industrial automation project and services provider. The company is located in Apeldoorn and delivers consultancy services in different markets like Telecom, Healthcare, Defence Security and High Tech Manufacturing. HTS brings a customer set that is highly complementary to ICT. HTS realises profitable revenues of around EUR 2.5 million per annum. The acquisition supports ICT’s growth ambitions. HTS is bringing new, well respected, clients and specialised industry knowledge to the ICT Group.

Consideration transferred

(x € 1,000)	
Consideration transferred in cash	1,200
Total consideration transferred	1,200

Acquisition consideration

The purchase consideration for 100% of the shares amounts to € 1,200 thousand transferred in cash.
The amount of € 1,200 thousand represents the fair value as at the acquisition date. There are no contingent consideration arrangements.

Acquisition-related costs

The Company incurred acquisition-related costs including legal fees and due diligence costs. These costs were included under “other operating expenses” in 2017.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	Carrying amount	Fair value adjustments	Recognised values
Intangible assets: Customer relationships	-	605	605
Intangible assets: Order Backlog	-	139	139
Property, plant and equipment	12	-	12
Cash and cash equivalents	73	-	73
Other current assets	549	-	549
Current liabilities	(360)	-	(360)
Deferred tax liabilities	-	(186)	(186)
Total identifiable net assets acquired	274	558	832

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	Valuation technique
Intangible assets	Income approach: The income approach determines the fair value from the future cash flows the subject asset will generate over its remaining useful life. The application of this approach involves projecting the cash flows which the subject asset is generating, based on current expectations and assumptions about future sales. The cash flows generated by the subject asset have to be converted to present value by discounting them with the appropriate discount rate. The discount rate reflects the time value of money and the relevant risk associated with the cash flows of the asset.

The trade receivables and revenue to be invoiced comprise gross contractual amounts due of € 544 thousand, all of which was considered to be collectible at the acquisition date.

Fair values measurement

The fair value of the assets acquired and liabilities assumed at the acquisition date have been determined. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the accounting for the acquisition will be revised.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

(x € 1,000)	
Consideration transferred	1,200
Fair value of identifiable net assets	832
Goodwill	368

The goodwill is attributable mainly to the skills and technical talent of HTS’s workforce and the synergies the Company expects to achieve from integrating HTS in the Company’s existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

Amortisation

Customer relations and order backlog have been identified and valued as a part of a Purchase Price Allocation exercise. Customer relations have been valued for € 605 thousand to be amortised over a period of 5 years as from acquisition date. Order backlog has been valued at € 139 thousand to be amortised over a period of 4 months in 2017. As a result the total amortisation amounts to € 210 thousand in 2017 (€ 71 thousand on Customer relations, € 139 thousand on order backlog). The amortisation is not expected to be tax deductible. In the valuation analysis a deferred tax liability is included which will be released during the amortisation period. The net effect on net result after deferred tax amounts to € 158 thousand.

Financial impact

The consolidated results 2017 include revenues amounting to € 1.8 million and earnings before interest, taxes and depreciation and amortisation (EBITDA) amounting to € 0.5 million. Should HTS have been included for the full year 2017, revenues on a pro forma basis would have amounted to approximately € 2.5 million and EBITDA to approximately € 0.8 million.

PROVISIONAL PURCHASE PRICE ALLOCATION 2016

The Provisional Purchase Price Allocation from the acquisition of Nozhup in 2016 has been finalised in 2017. There were no fair value adjustments compared to the provisional Purchase Price Allocation.

OTHER ACQUISITIONS

In 2017 BMA Telenatal B.V. acquired the activities of Telemedical Holding B.V. for the amount of € 89 thousand.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

4.1 BASIS OF PREPARATION

Statement of compliance

Company financial statements

The company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

Consolidated financial statements

ICT's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The accounting policies applied by ICT comply with IFRS and the pronouncements of the International Financial Reporting Interpretation Committee (IFRIC) effective at 31 December 2017.

The consolidated financial statements have been prepared on the basis of the historical cost convention, unless otherwise stated.

Critical accounting estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

4.2 PRIOR YEAR RESTATEMENT

No prior year restatements have been made.

4.3 CHANGES IN ACCOUNTING POLICIES

(a) New and amended standards adopted by the Company

The International Accounting Standards Board (IASB) and IFRIC have issued new standards, amendments to existing standards and interpretations, some of which are not yet effective or have not yet been endorsed by the European Union. Where relevant, ICT has applied the new standards and interpretations that became effective in 2017. The adoption of these standards and interpretations did not have a material impact on the Company's financial performance or position.

(b) New standards and interpretations not yet adopted

A number of relevant new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in the preparation of these consolidated financial statements. These relevant amendments pertain to:

- IFRS 9 'Financial Instruments' (effective date 1 January 2018);
- IFRS 15 'Revenue from Contracts with Customers' (effective date 1 January 2018);
- IFRS 16 'Leases' (effective date 1 January 2019);
- Classification and measurement of share-based payment transactions (amendments to IFRS 2 'Share based payments') (effective date 1 January 2018);
- Transfers of investment property (amendments to IAS 40 'Investment property') (effective date 1 January 2018);
- IFRIC 22 'Foreign currency transactions and advance consideration' (effective date 1 January 2018); and
- Annual Improvements 2014-2016 (various standards).

ICT is required to apply IFRS 9 and IFRS 15 from 1 January 2018. In 2017, ICT has assessed the estimated impact what the initial application of these standards will have on the consolidated financial statements. In summary the expected impact is as follows:

(x € 1,000)	Reported as at 31 December 2017	Estimated adjustment due to IFRS 9	Estimated adjustment due to IFRS 15	Estimated adjusted opening balance on 1 January 2018
Retained earnings	26.847	21	-	26.868

IFRS 9 'FINANCIAL INSTRUMENTS'

IFRS 9 'Financial Instruments' (hereafter: 'IFRS 9') is the new standard on classification and measurement of financial instruments. IFRS 9 includes a new classification model with respect to the financial assets and a new model for impairment calculations on financial assets containing a more forward looking view on credit losses. In the forward looking credit model, expected credit losses are taken into account as from initial recognition. Under IAS 39, the current financial instruments standard, impairment losses were recognized based on loss events, generally at a later stage than under IFRS 9.

Based on the impact assessment performed, ICT concludes the following:

- Convertible loans: The convertible instruments which are classified as loan receivable do not meet the criteria for Solely Payments of Principal and Interest ('SPPI') testing. Therefore, IFRS 9 has an impact on the recognition and initial measurement, because the convertible loans must be measured at fair value instead of amortized cost. With respect to the subsequent measurement (valuation), ICT expects that IFRS 9 will result in an addition of € 21 thousand compared to the value recognised for convertible loans as at 31 December 2017 based on IAS 39. The main assumption used in the fair calculation is the discount rate used in the discounted cash flow calculation to determine the fair value. This discount rate is based on comparable convertible loans which have a similar size and term and are related to Technology companies. Based on market research a 8% discount rate is used in the fair value calculation.
- Trade and other receivables: We expect that IFRS 9 has no significant impact on the initial recognition and subsequent measurement of trade and other receivables and revenue to be invoiced as part of the financial assets. This assessment is based on the historical customer default rate which is 0.1% in 2017 (2016: 0.1%). The impact relating to the trade receivables and revenue to be invoiced amounts to € 0 thousand, as the doubtful debtor's provision as at 31 December 2017 is higher than the doubtful debtors provision based on IFRS 9.
- Cash and cash equivalents, financial liabilities including loans and bank overdrafts: IFRS 9 does not have an impact on the recognition, initial measurement and subsequent measurement of these financial instruments compared to current accounting policies as disclosed in these financial statements.

IFRS 9 will require extensive new disclosures, about credit risk and Expected Credit Losses ('ECL's'). ICT has determined to what extent the current internal reporting structure facilitates reporting on these disclosures and has made changes where necessary. The new IFRS 9 disclosures will be reported in the 2018 financial statements.

Changes in accounting policies resulting from the adoption of IFRS 9 will be applied retrospectively.

IFRS 15 'Revenue from Contracts with Customers'

In May 2014 the new standard IFRS 15 'Revenue from Contracts with Customers' (hereafter: 'IFRS 15') was issued superseding the current revenue recognition standards IAS 11 'Construction Contracts 'and IAS 18 'Revenue' and related interpretations. IFRS 15 is effective from 1 January 2018.

ICT has assessed the potential impact of IFRS 15 covering all group entities and their revenue streams. As part of this assessment ICT has performed an accounting and disclosure gap analysis, assessing the impact of each of the steps in the five step model that is prescribed by IFRS 15. We supported our accounting analysis by detailed contract reviews with the following being concluded:

- IFRS 15 is not expected to have an impact on fixed price projects. The current measurement of the progress, over-time revenue recognition towards completion, is an allowed method under IFRS 15 as at least one criteria out of the three criteria for revenue recognition over-time is met based on the contracts with our customers. In our view, the solution that ICT offers to its customers is seen as a single performance obligation. If applicable and depending on the structure, maintenance and service is treated as separate performance obligation or even a separate contract. Revenue will be recognised under IFRS 15 based on the input method (costs incurred vs. total forecasted costs) which is similar to current accounting.
- IFRS 15 is not expected to have an impact on the recognition of the secondment and time & material revenues, as the revenues from these services are currently recognized as revenue in the period the services are provided and as at least one criteria out of the three criteria for revenue recognition over-time is met based on the contracts with our customers. The current accounting is in line with the IFRS 15 revenue recognition requirements.
- IFRS 15 is not expected to have an impact on the revenues from licenses. The current license revenues contain 'right to use' (perpetual licenses) licenses, which should be recognized at a point in time under IFRS 15, and 'right to access' (subscription model) licenses, which have to be recognized over-time. Both current accounting methods are in line with the IFRS 15 revenue recognition requirements.

In addition, ICT assessed the additional application guidance under IFRS 15 such as contract costs, principal versus agent considerations and onerous contracts but determined that this will not have a material impact.

IFRS 15 also prescribes new and additional disclosure requirements. ICT has determined to what extent the current internal reporting structure facilitates reporting on these disclosures and has made changes where necessary. The new IFRS 15 disclosures will be reported in the 2018 financial statements.

ICT plans to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018).

IFRS 16 'Leases'

IFRS 16 'Leases' is the new standard on lease accounting and will result in the recognition of almost all leases on the balance sheet, as there is no longer a distinction between operating and finance leases as currently is applicable under IAS 17.

Under this new standard an asset, which is the right to use the leased item, and a financial liability, being the present value of future lease payments to be made, are recognized. Additionally, IFRS 16 will lead to a shift between operating lease costs to depreciation and amortization and financial expenses, with a front loading effect, while at the same time actual cash flows will not change. Consequently, IFRS 16 is expected to have a significant impact on the financial statements and financial KPI's of ICT.

In 2017, ICT performed an impact analysis based on its lease portfolio which mainly relates to buildings and lease cars, based on the intention of using the modified retrospective approach as transition method. The leases are currently accounted for as off balance sheet commitments in note 34.

The high-level impact analysis shows that if ICT had applied IFRS 16 as at 31 December 2017 using the modified retrospective approach, lease assets of approximately € 11 to 12 million and a corresponding lease obligation would have to be recognised in the balance sheet, assuming a discount rate of 2.5% and the modified retrospective transition method.

In the statement of comprehensive income the lease expenses would be reclassified from the operating expenses line (in which the lease expenses are classified based on IAS 17) to the depreciation and amortisation line (because of the depreciation of the lease asset) and financial expenses line (since the lease liability is an interest-bearing debt). The impact of applying IFRS 16 on the statement of comprehensive income will not result in an increase or decrease of the total lease expenses for ICT due to the characteristics of the lease portfolio.

IFRS 16 also impacts the financial covenants and several ratios of ICT. The reclassification of the lease expenses from operating expenses to depreciation and amortisation would have resulted in an increase of the EBITDA of approximately EUR 5 to 6 million. The recognition of the lease liability result would have resulted in an increase of the net debt position.

OTHER AMENDMENTS

The other amendments have an insignificant impact on the financial statements of ICT.

(c) Changes in presentation

The presentation of, and certain terms used in, the statement of financial position, statement of comprehensive income and certain notes has been changed in 2017 to provide additional and more relevant information. Certain comparative amounts have been reclassified to conform to the current period presentation. None of the changes are significant.

4.4 CONSOLIDATION

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:
- has power over the investee;
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:
- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or divested during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Groups' accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly divested the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in an acquisition are measured initially at their fair values at the acquisition date, and are subsumed in the net asset value of the investment in consolidated subsidiaries. The Company recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Company is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Any contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. The financial figures reported by the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Investments in associates and joint ventures

An associate is an entity over which the Group has the ability to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. In assessing significant influence, the Group takes into account the effects of current voting rights, potential voting rights and other qualitative factors that may indicate significant influence.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from divesting a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly divesting the related assets or liabilities.

Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture were to be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss were to be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

4.5 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Board, which makes strategic decisions.
The operating segments are described in note 22 and the cash generating units are described in note 8.

4.6 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Euro' (€), which is the group's presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income. Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income under 'financial income or expenses'.

(c) Financial statements of foreign operations
The assets and liabilities of foreign operations (accounted for in the result), including goodwill and fair value adjustments arising on consolidation, are translated to Euros at the exchange rates prevailing at the balance sheet date. The revenues and expenses of foreign operations are translated to Euros at average rates. Foreign exchange differences arising on translation are recognised directly in a separate component of equity. Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve. When a foreign operation is divested, in part or in full, the relevant amount in the translation reserve is transferred to the statement of comprehensive income.

4.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less depreciation and impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Computer equipment	5 years
- Furniture, fittings and other equipment	5-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating expenses' in the consolidated statement of comprehensive income.

4.8 GOODWILL

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.
Upon the disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4.9 OTHER INTANGIBLE ASSETS

Software and licenses
Capitalised software and licenses are stated at historical cost less amortisation and impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Amortisation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives of five to eight years. The residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating expenses' in the consolidated statement of comprehensive income.

Order backlog
Order backlog includes all signed customer contracts that have not been recognised as revenue as per the acquisition date of acquired entities and which have been valued as a result of the Purchase Price Allocation. The order backlog is amortised over the period in which the contracts (services and projects) have been delivered.

Customer relations
Customer relations are recorded at fair value at initial recognition as a result of the Purchase Price Allocation of acquired entities and are amortised over an anticipated life of five to 10 years from the acquisition date.

Product development
The Company expenses all research costs as they are incurred. Expenditure on development activities, whereby research findings are applied to a plan for the production of new or substantially improved products and processes, is capitalised as an intangible asset if the product or process is technically and commercially feasible and the Company has sufficient resources, the intention to complete development and a launching customer and/or a potential other investor have been identified. The development expenditure capitalised comprises all directly attributable costs (including the cost of materials and direct labour). Other development expenditure is recognised in the consolidated statement of comprehensive income. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised development expenditure is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets.

Impairment of other intangible assets
Other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less sales costs and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Intangible assets other than goodwill ("other intangible assets") that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

4.10 FINANCIAL ASSETS

Classification
The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Company only has loans and receivables.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Any embedded derivatives (such as convertible options) are accounted for separately if the criteria in IAS 39.11 on bifurcation are met.

Recognition and measurement
Loans and receivables are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method. Loans and receivables are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Loans and receivables are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Any bifurcated derivatives are accounted for as the residual amount between the cash flow provided and the fair value of the loan at initial recognition, with re-measurement at fair value through profit and loss.

4.11 IMPAIRMENT OF FINANCIAL ASSETS

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

4.12 TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise trade debtors, unbilled revenue relating to projects and other receivables and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for doubtful receivables.

4.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. In the consolidated statement of cash flows, bank overdrafts are included under "Cash at bank and in hand".

4.14 SHARE CAPITAL AND TREASURY SHARES

Equity instruments, ICT shares that are purchased (treasury shares), are deducted from shareholders' equity until the shares are cancelled or sold. When such equity instruments are subsequently sold, any consideration received, net of income tax effects, is included in shareholders' equity.

The price paid for sold ICT shares (treasury shares) is deducted from shareholders' equity until the shares are cancelled or sold.

4.15 FINANCIAL LIABILITIES

Financial liabilities are initially recognised at fair value plus transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, ICT will measure the liabilities at amortised cost using the effective interest method.

4.16 DEFERRED ACQUISITION CONSIDERATION

The deferred acquisition consideration comprise payable acquisition considerations based on purchase agreements closed and are recognised against fair value.

4.17 SHARE-BASED COMPENSATION AND LONG-TERM EMPLOYEE BENEFITS LIABILITIES

Long-term incentive plan
The fair value of the amounts payable to certain directors (executive and non-executive) in respect of the long-term incentive plan, which are intended to be settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the board members become entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as employee benefit expenses in profit or loss.

Share participation plans (introduced in 2015)

In 2015, ICT introduced an equity participation plan for all ICT employees with an indefinite employment contract. Once per calendar year the employee is given the opportunity to purchase ICT shares at a discount compared to the stock exchange price. Shares purchased under this plan are subject to a lock-up period of three years. A cash bonus is payable to the employee if, after a vesting period of three years, the employee is still employed at ICT. The cash bonus equals the value at vesting date of one ICT share for every four shares purchased under the scheme.

The fair value of the amounts payable to participating employees in respect of the share participation plan, which will be settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the participating employees become entitled to payment. The liability is re-measured at each reporting date and at the settlement date. Any changes in the fair value of the liability are recognised as employee benefit expenses in profit or loss. The discount compared to the stock exchange price is also recognised as employee benefit expenses in profit or loss with offsetting entry towards shareholders' equity ("equity settled") .

The "Stichting Administratiekantoor Participatieplan ICT", or "STAK", holds the depositary receipts for the shares under the share participation plan. Depositary receipts for shares follow the share price, but have different rights. Entitlement to benefits (such as price and dividend) are identical, but legal ownership (such as voting rights) rests with the STAK board. The STAK board acts as a single shareholder and represents the votes of the employees participating in the share participation plan.

4.18 CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.19 EMPLOYEE BENEFITS

With effect from 1 January 2014 all pensions of the ICT Group are qualified as defined contribution plans.
For these plans ICT Group has no other obligations than to pay a contribution into a separate entity. ICT Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The regular contributions constitute net periodic costs for the year in which they are due and are included in employee benefit expenses.

4.20 PROVISIONS

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

4.21 LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Leases in which the Company has substantially all the risks and rewards of ownership are classified as finance leases. The Company has no finance leases.

4.22 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

4.23 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services provided, stated net of discounts and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

Revenue is recognised in the accounting period in which the services are rendered.

When the outcome of a project can be estimated reliably and it is probable that the project will be profitable, project revenue is recognised over the period of the project in line with the stage of completion. The stage of completion is measured by reference to the project costs (primarily hours) incurred up to the end of the reporting period as a percentage of total estimated costs for each project. Costs incurred in the year in connection with future activity on a project are excluded from project costs in determining the stage of completion. Project management estimates are used to assess the progress of the project and the estimated outcome, which influence the timing and amount of revenue recognition. When it is probable that total project costs will exceed total project revenue, the expected loss is recognised as an expense immediately.

When the outcome of a project cannot be estimated reliably, project revenue is recognised only to the extent of project costs incurred that are likely to be recoverable. Warranty and project losses are recognised immediately. Warranties, if any, are of a short-term nature.

On the balance sheet, the Company reports the net project position for each project as either an asset (under revenues to be invoiced) or a liability (under accruals and deferred income and progress billings). A project represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a project represents a liability when the opposite is the case.

Applying the guidance in IAS 18.IE.20, licence fees are recognised in accordance with the substance of the agreement, unless standard contracting and terms and conditions are applied. This means that each individual agreement is assessed separately. The Company applies the following two main types of revenue recognition for licenses:

- When a licensee has the right to use certain technology over a specified period of time, revenue is recognised over the lifetime of the agreement.
- When a licensing agreement for the use of software is agreed where the licensor has no further obligations subsequent to delivery, revenue is recognised at the time of sale.

4.24 OPERATING EXPENSES

Expenses arising from the Company's business operations are accounted for as operating expenses in the year incurred. Losses are recognised as soon as they are foreseen.

4.25 DEPRECIATION AND AMORTISATION

Depreciation of property, plant and equipment and amortisation of intangible assets other than goodwill (software and licenses, customer relations, order backlog and development costs) is calculated on the basis of fixed percentages of the acquisition value less any residual values based on expected useful economic lives.

4.26 INTEREST INCOME

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

4.27 DIVIDEND INCOME

Dividend income is recognised when the right to receive payment is established.

4.28 DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

4.29 RESULT FROM JOINT VENTURES

Results from joint ventures are recognised as the net profit or loss after income tax.

4.30 RESULT FROM ASSOCIATES

Results from associates are recognised as the net profit or loss after income tax.

4.31 ACCOUNTING PRINCIPLES FOR DETERMINING THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement is drawn up using the direct method. Receipts and expenses related to interest, received dividend and corporate income tax are included in the cash flows from operating activities. Paid dividends are included in the cash flows from financing activities.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing the financial statements, management has to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. The actual outcome may differ from these judgments, estimates and assumptions. Judgments, estimates and assumptions are reviewed on an ongoing basis and are based on historical experience and various other factors, including expectations about future events, which are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The Company considers the following accounting policies, judgments, estimates and assumptions as critical:

Measurement of fixed price projects
The use of the percentage-of-completion method requires the Company to estimate the services performed to date as a proportion of the total services to be performed as far as the progress to which services were performed on the balance sheet date can be determined reliably and the incurred expenses to complete the transaction can be estimated reliably.

In the event of circumstances that interfere with the initially estimated revenue, costs or planned activities, estimates will be revised. These revisions might influence future revenue or costs. These revisions are processed in the period in which the circumstances that lead to changed estimates arise.

If the result of an ongoing project on behalf of third parties cannot be estimated reliably, income shall only be accounted for up to the project costs incurred, insofar as they are probable to be covered by the project income.

Acquisitions and fair value estimates
Goodwill arising from the acquisition of a business is valued at cost upon initial recognition, this being the difference between the cost of the business and the interest of the Company in the net fair value of the identifiable assets, liabilities and contingent liabilities. The individual valuation of the identifiable assets, liabilities and contingent liabilities involves estimates (such as the expected cash flows and the discount factor).

Impairment review of goodwill
The Company tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units (CGUs) have been determined based on value-in-use calculations. These calculations require the use of estimates on expected future cash flows, the CGU and the discount factor. The free cash flow projections and key assumptions are subject to risks and uncertainties that could cause future results to differ materially from current expectations. Our FTE and revenue (productivity and tariff) growth rates are primarily driven by market demand, which could be impacted by a deterioration in macro-economic conditions or lower demand from our clients. Additionally, the assumptions for the discount rate are based on those for comparable companies and are driven by market conditions. Changes in these measures could have an impact on the value in use of the CGUs. See note 8 for information on goodwill impairment tests and key assumptions used.

Impairment of joint ventures and associates
The Company assesses at the end of each reporting period whether it is necessary to recognise any impairment loss with respect to the Group's investment in associates or joint ventures. The calculations of recoverable amounts (the higher of value in use and the fair value less costs of disposal), which are prepared in the event of triggering events, require the use of estimates on expected future cash flows, the discount factor and the fair value less cost of disposal. The free cash flow projections and key assumptions are subject to risks and uncertainties that could cause future results to differ materially from current expectations. Our revenue and EBIT (earnings before interest and tax) margin growth rates are primarily driven by market demand and circumstances, which could be impacted by a deterioration in macro-economic conditions or lower demand from our clients. Additionally, the assumptions for the discount rate are based on those for comparable companies and are driven by market conditions. Finally, market quoted prices and/or market transactions may be limited or not available to measure fair values. Changes in these measures could have an impact on the value in use of the joint ventures and associates.

Corporate taxes

The Company is subject to income taxes in different jurisdictions. Judgment is required in determining the deferred tax asset on tax losses carry-forward positions. There are uncertain factors that influence the amount of the tax losses carry-forward. The Company recognises deferred tax assets on tax losses carry-forward based on its best estimates. When the actual results are different from the amounts that were initially estimated, such differences will impact the income tax in the income statement and the deferred tax assets and/or deferred tax liabilities in the period in which these deviations occur.

6. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

General

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Company policy is geared towards managing these risks, insofar as relevant.
The Executive Board has overall responsibility for the establishment and oversight of the Company's risk management. The Company has established risk management policies to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to the aforesaid limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their role and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of risk management in relation to the risks faced by the Company.

The Company does not have significant exposure to financial risks allied to derivatives. The Company is primarily exposed to financial risks with regards to its working capital. In addition, the Company's financial instruments are primarily measured at amortised cost, with the exception of the share purchase liability, which is measured at fair value.

a) Fair value risk

The Company has no significant exposure to changes in the fair value of its financial instruments. The financial instruments measured at fair value are the share purchase liability for key management personnel and employees, and the deferred acquisition liability. Management has no formal objective or policies for managing this financial risk, because the risk is considered to be limited.

b) Interest rate risk

ICT considers interest rate risks to be limited because the Company's results are not materially sensitive to changes in market interest rates on the Company's interest-bearing debts. Furthermore the Company has no significant amount of interest-bearing financial assets. Management has no formal objective or policies for managing this financial risk, because the risk is considered to be limited.

Sensitivity analysis

	Change	Impact	On	Assumption
Interest rate	+ 100 bps	+ € 0.1 million	Financial charges	Average net debt 2017
Interest rate	+ 250 bps	+ € 0.2 million	Financial charges	Average net debt 2017

c) Currency risk

The Company is not exposed to any significant currency risks. Virtually all transactions are conducted in Euros and the Company does not have significant operations in non-Euro countries. The Company's results are therefore not sensitive to changes in currency exchange rates. Management has no formal objective or policies for managing this financial risk, because the risk is considered to be limited.

d) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Company's objective is to minimise its credit risk.
The Company's exposure to credit risk is primarily influenced by the individual characteristics of each client. New customers are analysed individually for creditworthiness before payment terms and conditions are offered. The Company's review may include external ratings, the services of a credit insurance institution where relevant and available, and in some cases bank references. In addition ICT has a global credit insurance for all group companies.

No significant losses have occurred during the last few years and ICT assesses the credit risks to which it is exposed as lower than average because of the good reputation and the creditworthiness of most of its clients. For transactions with banks and other financial institutions, only parties with a good creditworthiness are accepted, significantly reducing the credit risk on monetary assets.
The Company has one customer that accounts for between 16% and 18% (2016: 16% and 18%) of the Company's annual revenues. This customer has a credit rating of Baa1 (Moody's). There have been no collectability issues with respect to this client. The Company establishes a provision for doubtful receivables that represents its estimate of incurred losses in respect of outstanding receivables with customers. See note 14 of the financial statements for further disclosures on credit risk.

e) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company performs periodic cash flow forecasting to monitor the Company's liquidity requirements. This is performed to ensure it has sufficient funds to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing at all times, so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The cash flow forecasts take into consideration any debt financing, if relevant, and covenant compliance.

The Company's liquidity risk is considered to be low given its reasonable cash position and the positive net working capital. However, the Company also has high so-called operational leverage, which involves a risk that makes a cash buffer desirable.

In 2017 ICT extended its credit facilities to € 23.5 million in total (2016: € 22.5 million). The working capital credit facility (facility A) is € 10 million (2016: € 10 million) and the acquisition credit facility (facility B) € 11 million (2016: € 11 million). The guarantee facility was extended from € 1.5 million in 2016 to € 2.5 million in 2017.

At year-end 2017 ICT had called on the acquisition facility (facility B) for the amount of € 6.6 million and had not used the working capital credit facility (facility A).

The covenant requirements include a Senior Net Debt to EBITDA ratio (max. 2), an asset cover test, a revenue cover test and a clean down period of three consecutive business days per year. In 2017 and as per 31 December 2017, the Company complied with all quarterly and annual bank covenant requirements.

The table below divides the Company's non-derivative financial liabilities into the relevant maturity groupings based on the remaining period to the contractual maturity date at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Financial liabilities	**31 December 2017**		
(x € 1,000)	Less than 3 months	3 months to 1 year	1-5 years
Trade payables	3,296	-	-
Corporate income tax payable	410	-	-
Other taxes and social security premiums	7,731	-	-
Deferred acquisition consideration *	-	-	3,478
Other current liabilities	-	8,939	-
Acquisition financing (Long and short term loans) *	645	1,920	4,247
Bank overdrafts	250	-	-
Total	12,332	10,859	7,725

* Balances as reported per year end plus interest to be unwinded till settlement date (total expected cash outflow).

Financial liabilities	**31 December 2016**		
(x € 1,000)	Less than 3 months	3 months to 1 year	1-5 years
Trade payables	3,008	-	-
Corporate income tax payable	62	-	-
Other taxes and social security premiums	6,618	-	-
Deferred acquisition consideration *	-	-	3,478
Other current liabilities	-	9,360	-
Acquisition financing (Long and short term loans) *	758	2,084	6,974
Bank overdrafts	17	-	-
Total	10,463	11,444	10,452

* Balances as reported per year end plus interest to be unwinded till settlement date (total expected cash outflow).

f) Capital management

The Executive Board's policy is to maintain a strong capital base in order to retain investor, creditor and market confidence and to sustain future development of the business. Capital consists primarily of share capital, share premium, currency translation reserve, legal reserve and retained earnings. With regards to capital management, the Company strives to retain sound solvency and liquidity levels.

7. PROPERTY, PLANT AND EQUIPMENT

The following table shows the movement of the property, plant and equipment for the years presented:

	2017			2016		
(x € 1,000)	Computer equipment	Other tangible fixed assets	Total	Computer equipment	Other tangible fixed assets	Total
Cost						
1 January	**2,045**	**2,423**	**4,468**	**1,570**	**1,128**	**2,698**
Arising on acquisition	12	-	12	57	578	635
Additions	457	1,304	1,761	418	764	1,182
Disposals	(752)	(761)	(1,513)	-	(47)	(47)
31 December	**1,762**	**2,966**	**4,728**	**2,045**	**2,423**	**4,468**
Accumulated depreciation						
1 January	**(1,230)**	**(761)**	**(1,991)**	**(945)**	**(412)**	**(1,357)**
Depreciation	(321)	(548)	(869)	(285)	(349)	(634)
Disposals	712	333	1,045	-	-	-
31 December	**(839)**	**(976)**	**(1,815)**	**(1,230)**	**(761)**	**(1,991)**
Net book value 1 January	**815**	**1,662**	**2,477**	**625**	**716**	**1,341**
Net book value 31 December	**923**	**1,990**	**2,913**	**815**	**1,662**	**2,477**

No leased items are included in property, plant and equipment. Residual values are considered to be zero. The carrying amount approximates the estimated fair value of the assets.

Other tangible fixed assets mainly include furniture, fittings and other equipment.

8. GOODWILL

The movements in goodwill can be summarised as follows:

(x € 1,000)	**2017**	2016
At 1 January		
Cost	27,931	20,973
Accumulated impairment	(6,080)	(6,080)
Net book value	21,851	14,893
Movement in cost		
Arising on acquisition	457	6,958
	457	6,958
Impairment losses		
Impairment charges	-	-
	-	-
At 31 December		
Cost	28,388	27,931
Accumulated impairment	(6,080)	(6,080)
Net book value	22,308	21,851

The goodwill arising on acquisitions in 2017 pertains to € 368 thousand High Tech Solutions B.V. and to € 89 thousand for the activities of Telemedical Holding B.V. (BMA Telenatal B.V.) The goodwill arising on acquisitions in 2016 pertained to € 2,241 thousand BMA, € 4,522 thousand Nozhup and € 195 thousand other.

For the purpose of impairment testing, goodwill is allocated to CGUs, which represent the lowest level within the Company at which the goodwill is monitored for internal management purposes. This is not higher than the Company's operating segments as reported in note 22. The following CGUs have goodwill allocated as at 31 December 2017:

(x € 1,000)	**2017**	2016
ICT Netherlands (including Nozhup, Dynniq and HTS)	13,778	13,409
Strypes Bulgaria	1,009	1,009
Raster	3,003	3,003
Improve	2,189	2,189
BMA	2,329	2,241
Total	22,308	21,851

Impairment test

The recoverable amounts of the cash-generating units (CGUs) have been determined based on value-in-use calculations. These calculations use post-tax cash flow projections based on a five-year business and financial plan with 2017 as the first year. Cash flows beyond 2021 are first interpolated towards a steady state year, after which a terminal value is calculated. The value-in-use is calculated as the net present value of the estimated post-tax cash flow projections for each CGU, subject to the key assumptions stated as follows.

Key assumptions

Post-tax cash flow projections in the value-in-use calculation are mainly dependent on the development of the revenue growth rate and the profitability, as represented by the EBIT margin. Management estimated these assumptions based on past performance and its expectations of market developments.

A terminal value was calculated on the normalised cash flows beyond the extrapolated forecast period. For the estimated growth rates used, we refer you to the table below.

The growth rate is based on long-term market price trends adjusted for ICT's actual experience. The weighted average pre-tax and post-tax discount rates, the key assumptions (weighted average over the management forecast and extrapolated forecast periods) per CGU used for the value-in-use calculations and the terminal value growth rates are as follows:

	ICT Netherlands*	Strypes Bulgaria	Raster	Improve	BMA
WACC pre-tax: 2017	13.4%	13.7%	13.2%	13.3%	13.2%
WACC pre-tax: 2016	14.1%	24.4%	17.3%	17.3%	17.3%
WACC post tax: 2017	10.3%	12.4%	10.3%	10.3%	10.3%
WACC post tax: 2016	10.5%	22.0%	13.0%	13.0%	13.0%
Management forecast period (5 years)					
Revenue growth rate	3.3%	7.1%	5.8%	4.2%	3.3%
EBIT margin improvement	0.2%	-0.3%	2.2%	1.5%	-0.8%
Extrapolated period					
Growth rate 2017	1.0%	1.0%	1.0%	1.0%	1.0%
Growth rate 2016	1.0%	1.0%	1.0%	1.0%	1.0%

* ICT Netherlands: including Nozhup and HTS.

Impairment analysis results

The carrying value and headroom per CGU (after goodwill impairment) can be specified as follows:

(x € 1 million)	ICT Netherlands*	Strypes Bulgaria	Raster	Improve	BMA
Carrying value	34.2	5.1	6.9	2.6	7.2
Value in use	66.1	16.4	13.3	7.7	10.1
Headroom	31.9	11.3	6.4	5.1	2.9

* ICT Netherlands: including Nozhup and HTS.

The impairment analyses in 2017 and in 2016 did not result in an impairment.

Sensitivity analysis

The impairment analysis for the goodwill allocated to ICT Netherlands, Strypes Bulgaria, Improve, Raster, and BMA shows headroom between the CGUs recoverable amount and its carrying amount according to the table above. The table below shows, for each CGU, the percentage point change per key assumption resulting in a headroom of nil.

Allowed percentage point change	ICT Netherlands*	Strypes Bulgaria	Raster	Improve	BMA
Management forecast period					
Revenue growth rate	-13.7%	-43.6%	-13.1%	-21.5%	-4.8%
EBIT margin deterioration (basis points)	-4.3%	-11.5%	-12.9%	-13.3%	-4.8%
Discount rate (WACC)	8.4%	22.7%	8.0%	17.3%	3.6%
Extrapolated period					
Growth rate	-36.6%	-193.1%	-32.4%	-151.0%	-8.1%

* ICT Netherlands: including Nozhup and HTS.

9. OTHER INTANGIBLE ASSETS

The following table shows the movement of the other intangible assets for the years presented:

	2017						2016					
(x € 1,000)	Software and licenses	Development costs	Customer relations	Order backlog	Other intangible assets	Total	Software and licenses	Development costs	Customer relations	Order backlog	Other intangible assets	Total
Cost												
1 January	6,454	202	9,797	832	1,216	18,501	2,898	115	5,321	543	4	8,881
Arising on acquisition	-	-	605	139	-	744	3,234	-	4,476	289	1,216	9,215
Additions	580	292	-	-	-	872	322	87	-	-	-	409
Disposals	23	-	-	-	-	23	-	-	-	-	(4)	(4)
31 December	7,057	494	10,402	971	1,216	20,140	6,454	202	9,797	832	1,216	18,501
Accumulated amortisation												
1 January	(1,514)	-	(1,798)	(832)	(139)	(4,283)	(736)	-	(714)	(543)	-	(1,993)
Amortisation	(942)	(30)	(1,427)	(139)	(152)	(2,690)	(778)	-	(1,084)	(289)	(139)	(2,290)
Disposals	(13)	-	-	-	-	(13)	-	-	-	-	-	-
31 December	(2,469)	(30)	(3,225)	(971)	(291)	(6,986)	(1,514)	-	(1,798)	(832)	(139)	(4,283)
Net book value 1 January	**4,940**	**202**	**7,999**	**-**	**1,077**	**14,218**	**2,162**	**115**	**4,607**	**-**	**4**	**6,888**
Net book value 31 December	**4,588**	**464**	**7,177**	**-**	**925**	**13,154**	**4,940**	**202**	**7,999**	**-**	**1,077**	**14,218**

Additions to software and licenses and development costs include € 736 thousand of software development not ready for use at 31 December 2017 (31 December 2016: € 317 thousand). Other intangible assets pertain primarily distribution agreements.

The (average) remaining amortisation period is for:

Software and licenses	5-8 years
Customer relations	5-10 years
Order backlog	in line with contracted period
Other intangible asset	8 years
Development costs	5 years

10. INVESTMENT IN JOINT VENTURES

ICT Group N.V. has a 50% interest in the joint venture InTraffic B.V. InTraffic B.V. is an entity in the Netherlands, set up in 2003 and is jointly-controlled by the Company and Movares Nederland B.V. InTraffic B.V. is an IT consultant and project coordinator providing services for public transport companies. The Company's interest in InTraffic B.V. is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the joint venture, based on financial information prepared in accordance with IFRS as adopted by the EU and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

(x € 1,000)	2017	2016
Revenue	18,194	15,976
Net profit from continuing operations	226	442
Other comprehensive income	-	-
Total comprehensive income	**226**	**442**
Share ICT of total comprehensive income	113	221
The above profit for the year includes the following:		
Depreciation and amortisation	263	211
Interest income	14	-
Interest expense	(3)	(6)
Income tax expense	50	147
Current assets	4,355	4,553
Non-current assets	1,047	771
Current liabilities	(3,315)	(3,003)
Net assets	**2,087**	**2,321**
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	1,529	2,058
Current financial liabilities (excluding trade and other payables and provisions)	-	-
Non-current financial liabilities (excluding trade and other payables and provisions)	-	-
Dividends received from joint venture during the year	230	294
Group's interest in net assets at beginning of the year	1,161	1,234
Total comprehensive income attributable to the group	113	221
Dividends during the year	(230)	(294)
Group's Interest in net assets at end of the year	1,044	1,161
Goodwill	-	-
Carrying amount of the investment at the end of year	**1,044**	**1,161**

There are no contingent liabilities relating to the Company's interest in the joint venture. The Company has no capital commitments related to its interest in the joint venture.

11. INVESTMENT IN ASSOCIATES

ICT Group N.V. has three associates: a 20% participation in LogicNets Inc., a 24.49% participation in GreenFlux Assets B.V. and 40% of the potential voting rights in CIS Solutions GmbH. Until 24 November ICT had a 25% participation in Strypes Nederland B.V. through Strypes EOOD Ltd.

The following table shows the summarised financial information of the investments in and the results from associates:

	2017					2016				
(x € 1,000)	LogicNets Inc.	Strypes Nederland B.V.	GreenFlux Assets B.V.	CIS Solutions GmbH	Total	LogicNets Inc.	Strypes Nederland B.V.	GreenFlux Assets B.V.	CIS Solutions GmbH	Total
As at 1 January	**510**	**575**	**517**	**53**	**1,655**	**1,099**	**554**	**599**	**-**	**2,252**
Acquisition	**-**	**-**	**-**	**65**	**65**	**-**	**-**	**-**	**452**	**452**
Share in the profit (loss)	(126)	73	(72)	(79)	(204)	(134)	21	(82)	(126)	(321)
Result from sale excluding profit from release of tax liability	-	67	-	-	67	-	-	-	-	-
Impairment	(404)	-	-	-	(404)	(450)	-	-	(273)	(723)
Result from associates	**(530)**	**140**	**(72)**	**(79)**	**(541)**	**(584)**	**21**	**(82)**	**(399)**	**(1,044)**
Divestment	-	(715)	-	-	(715)	-	-	-	-	-
Intercompany profit eliminations	-	-	(65)	-	(65)	-	-	-	-	-
Currency translation	20	-	-	-	20	(5)	-	-	-	(5)
As at 31 December	**-**	**-**	**380**	**39**	**419**	**510**	**575**	**517**	**53**	**1,655**

LogicNets Inc.

The Company's interest in LogicNets Inc. is accounted for using the equity method in the consolidated financial statements. This pertains to a 20% interest in LogicNets Inc., established in the US in Washington and was acquired on 22 October 2014. The investment will be used to increase LogicNets' product development and deployment capacity. By means of this investment, ICT Group N.V. will expand its exclusive distribution rights for LogicNets Inc. to cover all of Western Europe. LogicNets Inc. and ICT's ongoing collaboration has led to the delivery of large-scale expert decision support applications to major healthcare, government, and industrial organisations. These include the Dutch National Pathology Registry and the Dutch national railway system (ProRail).

The following table shows the summarised financial information based on financial information prepared in accordance with IFRS as adopted by the EU of the Company's investment in LogicNets Inc.:

(x € 1,000)	2017	2016
Revenue	2,051	2,091
Net loss from continuing operations	(628)	(672)
Other comprehensive income	-	-
Total comprehensive income	**(628)**	**(672)**
Attributable to ICT	(126)	(134)
Attributable to investee's other shareholder(s)	(502)	(538)
	31-12-2017	**31-12-2016**
Current assets	863	900
Non-current assets	-	1
Current liabilities	(1,751)	(1,238)
Non-current liabilities	(155)	(177)
Net assets	**(1,043)**	**(514)**
Attributable to ICT	(209)	(103)
Attributable to investees' other shareholder(s)	(834)	(411)
Group's interest in net assets at beginning of the year	(34)	105
Acquired	-	-
Currency translation adjustment	20	(5)
ICT's share in the profit (loss)	(126)	(134)
Dividends during the year	-	-
Group's Interest in net assets at end of the year	(140)	(34)
Goodwill	544	994
Impairment	(404)	(450)
Carrying amount of the investment at the end of year	**-**	**510**

LogicNets revenue developed stable in 2017. LogicNets won new customers but is still loss making. Also in 2017 LogicNets developed behind on its plans. ICT believes in the strategic importance of the platform, but also notices that compared with the original plan, much more time is needed to realise substantial growth and make the company profitable.

Based on the assumptions used, the outcomes for the value in use and the impairment testing approach, ICT considers an additional impairment is necessary and decided to write off the remaining carrying value of LogicNets per year-end 2017. The downward valuation of LogicNets, including our share in the loss in 2017 amounted to € 530 thousand (2016: € 584 thousand).

The following discount rates were used in the current estimate of value in use: post-tax WACC: 20.2% (2016: 27.2%), terminal growth rate: 2% (2016: 2%).

The currency translation adjustment is reflected under other comprehensive income.

There are no contingent liabilities related to the Company's interest in the associate. The Company has no capital commitments related to its interests in the associate.

Strypes Nederland B.V.

The Company's interest in Strypes Nederland B.V. was accounted for using the equity method in the consolidated financial statements. This pertained to a 25% interest in Strypes Nederland B.V. established in the Netherlands, through Strypes EOOD Ltd, which was acquired on 6 January 2015 as part of the acquisition of Strypes Bulgaria. Strypes Nederland B.V. has been sold as of 24 November 2017. The share in the result for the amount of € 73 thousand is recognised until the transaction date of the sale. The profit on sale amounts to € 181 thousand, including the release of the deferred tax liability for the amount of € 114 thousand.

GreenFlux Assets B.V.

The Company's interest in GreenFlux Assets B.V. ("GreenFlux") is accounted for using the equity method in the consolidated financial statements. This pertains to a 24.49% interest in GreenFlux Assets B.V. established in the Netherlands and was acquired on 17 November 2015.

ICT Group N.V. (ICT) and the Brabantse Ontwikkelings Maatschappij (BOM) invest in GreenFlux Assets B.V., a charging point operator and services provider for electric vehicles. The investment will help GreenFlux Assets B.V. to strengthen its position in the fast-growing market for electric vehicles and give the company the opportunity to accelerate the introduction of innovative charging services. The cooperation with BOM and ICT creates a combination of expertise in electric transportation, the energy sector and innovative IT solutions.

There are no contingent liabilities related to the Company's interest in the associate. The Company provided GreenFlux with convertible loans for the amount of € 350 thousand (2016: € 150 thousand). As at 31 December 2017 the Company has the obligation to provide GreenFlux with a convertible loan of max. € 50 thousand if certain conditions are met by GreenFlux during 2018. The convertible loan will be repayable in five years as from 31 December 2018. ICT will have the right to convert the loan into preference shares in the event of default or in the event of a change in ownership of GreenFlux.

The intercompany profit eliminations are related to unrealised profit on sales of ICT Group companies to GreenFlux.

CIS Solutions GmbH

CIS is a solution selling agency for LogicNets and Internet of things solutions in Germany.

ICT provided CIS Solutions GmbH ("CIS") with 2 loans during 2016, a € 500 thousand convertible loan and a loan amounting to € 150 thousand. In 2017 the loan is extended to € 250 thousand.

The € 500 thousand convertible loan bears an interest of Euribor + 200 basis points. In accordance with the agreement the borrower will not repay the amount withdrawn but ultimately on 1 February 2019 provide ICT Group a 40% shareholding, in substance this qualifies as investment in associate under IFRS based on potential voting rights and other qualitative factors as included in the agreement. At year-end 2017 CIS had called the full € 500 thousand (31 December 2016: € 452 thousand).

Although the Group currently does not have a legal ownership, and potential voting rights are not currently exercisable, the Group has accounted for a share in the result of CIS, as the potential voting rights give in substance ICT Group access to the returns associated with an ownership interest, based on dividend clauses in the convertible bond agreement. As CIS is currently in a start-up phase, an impairment test on the loan balance outstanding was performed as well. The (negative) share in the result amounted to € 79 thousand (2016: € 126 thousand negative). There was no impairment charge necessary in 2017 (2016: € 273 thousand). The post-tax WACC used in the impairment calculation is 22.8%.

12. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax includes carry-forward losses for ICT Germany and differences between the carrying values and the tax base of certain assets and liabilities, resulting in temporary differences. The movement in the deferred tax position is as follows:

	2017			2016		
(x € 1,000)	Deferred tax assets	Deferred tax liabilities	Total	Deferred tax assets	Deferred tax liabilities	Total
Balance as at 1 January	**2,056**	**(3,414)**	**(1,358)**	**4,138**	**(2,886)**	**1,252**
Charged to the balance sheet:						
Intangible fixed assets - Software	-	-	-	-	(634)	(634)
Intangible fixed assets - Customer relations	-	(151)	(151)	-	(1,119)	(1,119)
Intangible fixed assets - Order backlog	-	(35)	(35)	-	(72)	(72)
Intangible fixed assets - Other intangibles	-	-	-	-	(303)	(303)
Investment in associates	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Subtotal	-	*(186)*	*(186)*	-	*(2,128)*	*(2,128)*
Continuining operations						
Gain / (loss) charged to the income statement:						
Intangible fixed assets - Software	-	142	142	-	121	121
Intangible fixed assets - Customer relations	-	357	357	-	271	271
Intangible fixed assets - Order backlog	-	35	35	-	72	72
Intangible fixed assets - Other intangibles	-	38	38	-	35	35
Other financial assets	-	-	-	-	-	-
Utilisation	(2,009)	-	(2,009)	(1,830)	-	(1,830)
Sale Strypes Nederland B.V.	-	113	113	-	-	-
Other	129	-	129	38	1	39
Subtotal	*(1,880)*	*685*	*(1,195)*	*(1,792)*	*500*	*(1,292)*
Discontinued operations						
Discontinued operations	-	-	-	(290)	1,100	810
Balance as at 31 December	**176**	**(2,915)**	**(2,739)**	**2,056**	**(3,414)**	**(1,358)**

2017

The increase of deferred tax liabilities in 2017 relates to the acquired intangible assets of High Tech Solutions B.V. ("HTS"). Customer relations and order backlog have been identified and valued as a part of a Purchase Price Allocation. The valuation analysis includes a deferred tax liability for the tax differences that will be released during the amortisation period. Customer relations have been valued for € 605 thousand to be amortised over a period of 5 years as from acquisition date. Order backlog has been valued at € 139 thousand to be amortised over a period of 4 months in 2017. As a result the total amortisation related to HTS amounts to € 210 thousand in 2017 (€ 71 thousand on Customer relations, € 139 thousand on order backlog). Amortisation is not expected to be tax deductible. In 2017 the deferred tax related to the amortisation of HTS amounted to 25% or € 52 thousand. The deferred tax release related to the previous year's acquisitions amounts to € 520 thousand. The sale of Strypes Nederland B.V. resulted in a deferred tax release of € 113 thousand.

The utilisation of deferred tax assets in 2017 and 2016 relates to the off-set of the tax loss of ICT Germany with the taxable income in the Netherlands. As at 31 December 2017 the deferred tax asset related to the liquidation of ICT Germany has been fully utilised.

From the deferred tax liabilities the non-current portion amounts to € 2,383 thousand as at 31 December 2017 (31 December 2016: € 2,895 thousand).

2016
The net tax released to the income statement from discontinued operations (€ 810 thousand) relates to the final liquidation of ICT Germany. For further details, see to note 21.

The increase of deferred tax liabilities in 2016 relates to the acquired intangible assets of BMA and Nozhup.

BMA:
Software, distribution agreements and customer relations have been identified and valued as a part of a Purchase Price Allocation exercise. Software has been valued for € 3,234 thousand to be amortised over a period of eight years as from acquisition date. Distribution agreements have been valued at € 1,216 thousand to be amortised over a period of eight years as from acquisition date. Customer relations have been valued at € 457 thousand to be amortised over a period of 10 years as from acquisition date. Amortisation is not tax deductible. The valuation analysis includes a deferred tax liability, that will be released during the amortisation period. In 2016, the amortisation related to BMA amounted to € 305 thousand. The deferred tax effect amounted to 25% or € 76 thousand.

Nozhup:
Order backlog and customer relations have been identified and valued as part of a Purchase Price Allocation exercise. Customer relations have been valued at € 4,019 thousand and is to be amortised over a period of 10 years as from acquisition date. The order backlog has been valued at € 289 thousand and was fully amortised in 2016. Amortisation is not tax deductible. The valuation analysis includes a deferred tax liability for the tax differences that will be released during the amortisation period. In 2016 the total amortisation related to Nozhup amounted to € 422 thousand. The deferred tax effect amounted to 25% or € 106 thousand.

13. OTHER FINANCIAL ASSETS

ICT has provided the following (convertible) loans:

- The Group provided GreenFlux Assets B.V. ("GreenFlux") a € 400 thousand convertible loan facility under which an amount of € 350 thousand has been provided to GreenFlux (2016: € 150 thousand). The remaining amount of € 50 thousand can be drawn if certain conditions are met by GreenFlux during 2018. The convertible loan will be repaid in 5 years as from 31 December 2018. ICT will have the right to convert the loan into preference shares in the event of default or in case of a change in ownership of GreenFlux. The loan accrues an interest of 8 percent;

- The Group provided a start-up company, CIS Solutions GmbH ("CIS"), a solution selling agency for LogicNets and Internet of things solutions in Germany with 2 loans during 2016:
  - a € 500 thousand convertible loan (we refer to note 11): at year-end 2017 CIS had called on € 500 thousand (at year-end 2016: € 457 thousand);
  - a loan amounting to € 150 thousand which will be repaid on 1 February 2019. The loan accrues an interest of Euribor plus 200 basis points. In 2017 the loan is extended with € 100 thousand to € 250 thousand. At year-end 2017 CIS had called on € 214 thousand (at year-end 2016: € 122 thousand).

- The Group provided Valuemaat B.V. ("Valuemaat") a convertible loan of € 200 thousand. The loan shall be repaid by Valuemaat no later than 30 September 2020. ICT will have the right to convert the loan into preference shares in the event of default or in case of a change in ownership of Valuemaat. The loan accrues an interest of 2 percent. At year-end 2017 the loan balance amounts to € 267 thousand (at year-end 2016: € 160 thousand).

The loans have been recognised initially at fair value and per year-end at amortised cost. The value of the conversion options for GreenFlux and Valuemaat are immaterial per 31 December 2017. The fair value of the convertible loans as at 31 December 2017 is € 884 thousand (2016: € 436 thousand) compared to the amortised cost of € 863 thousand (2016: € 436 thousand).

14. TRADE AND OTHER RECEIVABLES

Trade receivables are non-interest bearing and generally have a payment term of 30-90 days. The fair value of the trade and other receivables approximates their book value. Revenues to be invoiced also include fixed price projects (net of any current warranty and project related accruals).

(x € 1,000)	2017	2016
Trade receivables (gross)	20,829	16,377
Less: provision for doubtful receivables	(232)	(133)
Trade receivables (net)	20,597	16,244
Receivables from affiliated companies	1,261	871
Revenue to be invoiced	9,932	9,374
Other receivables	717	1,032
Prepayments and accrued income	1,001	1,074
Total	33,508	28,595

Prepayments and accrued income include € 204 thousand > 1 year (2016: € 120 thousand > 1 year).

The movement of the provision for doubtful receivables is as follows:

(x € 1,000)	2017	2016
Balance as at 1 January	133	116
Additions	139	24
Reversed unused	(40)	(7)
Balance as at 31 December	232	133

The provision for doubtful receivables primarily relates to customers who are in default and customers who are currently experiencing liquidity difficulties. The addition and release of provisions have been included in 'other operating expenses' in the consolidated statement of comprehensive income.

The outstanding trade and other receivables that are not subject to impairment as per 31 December can be specified as follows:

(x € 1,000)	Total	Not overdue	< 30 days	30–60 days	60-90 days	> 90 days
2017						
- Trade receivables	20,597	16,230	2,723	782	454	408
- Receivables from affiliated companies	1,261	584	347	81	60	189
- Revenue to be invoiced	9,932	9,932	-	-	-	-
- Other receivables	717	717	-	-	-	-
Total	32,507	27,463	3,070	863	514	597
2016						
- Trade receivables	16,244	12,557	2,738	632	261	56
- Receivables from affiliated companies	871	668	-	84	119	-
- Revenue to be invoiced	9,374	9,374	-	-	-	-
- Other receivables	1,032	1,032	-	-	-	-
Total	27,521	23,631	2,738	716	380	56

The Company has no significant trade and other receivables denominated in currencies other than the Euro.

The Company does not hold any collateral as security. The maximum exposure to credit risk at the reporting date is the carrying value of each class of trade and other receivables as disclosed in the table. The fair value of the trade and other receivables approximates its fair value.

Under the Company's credit facility, ICT Group N.V., ICT Automatisering Nederland B.V., Improve Quality Services B.V., ICT Nearshoring B.V., Raster Beheer B.V., Raster Industriële Automatisering B.V., Raster Products B.V. and Buro Medische Automatisering B.V. have pledged their current and future receivables from trading activities as collateral.

Revenue to be invoiced represents the difference between expended project value and the billing in advance. If progress billings exceed the project value, the excess is recognised under deferred income and progress billings (under current liabilities). The breakdown of the revenue to be invoiced and deferred income and progress billings is as follows:

	2017			2016		
(x € 1,000)	Gross project value	Billings issued	Total work in progress	Gross project value	Billings issued	Total work in progress
Net project balances can be split as follows:						
Projects with (net) positive balances	16,219	(6,287)	9,932	14,768	(5,394)	9,374
Projects with (net) negative balances	2,395	(4,267)	(1,872)	2,545	(5,225)	(2,680)
Total	**18,614**	**(10,554)**	**8,060**	**17,313**	**(10,619)**	**6,694**

15. CASH AND CASH EQUIVALENTS

The cash and cash equivalents are at free disposal of the Company except for the cash on the blocked bank accounts of € 58 thousand (2016: € 18 thousand). The cash and cash equivalents consist of bank balances bearing interest in line with market interest rates.

As at 31 December 2017 bank overdrafts amount to € 250 thousand (31 December 2016: € 17).

16. SHAREHOLDERS' EQUITY

		Issued share capital (x € 1,000)		
Issued share capital	Number of shares	Ordinary shares	Share premium	Total
At 1 January 2016	**8,747,544**	**875**	**8,411**	**9,286**
- Shares issued				
at 2 March 2016	97,707	10	782	792
at 7 September 2016	443,058	44	4,575	4,619
	540,765	54	5,357	5,411
At 31 December 2016	**9,288,309**	**929**	**13,768**	**14,697**
- Shares issued				
at 22 May 2017	40,000	4	449	453
at 7 June 2017 stock dividend	82,992	8	(8)	-
	122,992	12	441	453
At 31 December 2017	**9,411,301**	**941**	**14,209**	**15,150**

The Company's authorised share capital amounts to € 3,750,000 divided into 18,700,000 ordinary shares and 18,800,000 cumulative preference shares all with a nominal value of € 0.10 per share. Both the ordinary shares and the cumulative preference shares entitle their holders to one vote per share.

Ordinary shares
At 31 December 2017 the number of outstanding and fully paid-up ordinary shares amounted to 9,411,301 (31 December 2016: 9,288,309). On 22 May 2017 ICT Group N.V. issued 40,000 new shares related to the share participation plan for personnel and the long term investment plan of key management. On 7 June 2017, ICT issued 82,992 new shares related to the stock dividend.

During 2017, 26,314 ordinary shares were purchased as treasury shares for the share participation plan for employees.

Preference shares
No cumulative preference shares had been issued as at year end 2017 and 2016.

Holders of the preference shares are entitled to a cumulative dividend. The dividend per share is based on the nominal value of the share and the average monthly EURIBOR rate, weighted by the number of days the rate was in force, during the financial year to which the dividend relates, plus two percent. If in a given year the cumulative preference dividend was not paid out in full or in part, no dividends shall be distributed to the ordinary shareholders in subsequent years until the shortfall has recovered.

Share premium reserve
The share premium reserve has increased by € 449,000 related to the newly issued shares for the long term incentive plan for key management and the newly issued shares for the share participation plan for employees and has decreased by € 8,000 related to the stock dividend.

Treasury shares
When ICT purchases own shares, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Purchased own shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are subsequently sold, the amount received is recognised as an increase in equity treasury share reserve and the resulting surplus or deficit on the transaction is presented in retained earnings.

The changes in the number of purchased and sold treasury shares in 2017 and 2016 are shown in the following table.

Treasury shares	Number of shares	Average rate in Euros	Treasury shares (x € 1,000)	Retained earnings (x € 1,000)
At 1 January 2016	-	-	-	-
- Purchased treasury shares in 2016 for the personnel share plan	30,321	10.23	310	-
- Sold treasury shares in 2016 for the personnel share plan	(30,321)	9.13	(277)	-
- Loss transfer to retained earnings	-		(33)	(33)
At 31 December 2016	-		-	(33)
- Purchased treasury shares in 2017 for the personnel share plan	26,314	12.58	331	-
- Sold treasury shares in 2017 for the personnel share plan	(26,314)	11.71	(308)	-
- Loss transfer to retained earnings	-		(23)	(23)
At 31 December 2017	**-**		**-**	**(23)**

The average purchase price of the ordinary treasury shares in 2017 was € 12.58 (2016: € 10.23). On 31 December 2017 and 31 December 2016 ICT possessed no treasury shares.

Retained earnings
The retained earnings item comprises the net results appropriated to equity less the cumulative dividends paid out of retained earnings in previous years.

Currency translation reserve
The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The 2017 addition is related to LogicNets Inc. and the 2016 addition was related to LogicNets and ICT Poland Sp. z.o.o. The currency translation reserve is a legal reserve and cannot be distributed.

Legal reserve
The legal reserve pertains to capitalised product development expenses, capitalised software development expenses and the undistributed net profits of Intraffic B.V. (the 2016 legal reserve also contains the undistributed net profits of Strypes Nederland B.V.). This reserve cannot be distributed.

17. SHARE-BASED COMPENSATION AND LONG-TERM EMPLOYEE BENEFITS LIABILITIES

A share-based compensation liability has been recognised for the estimated amount of € 296 thousand (2016: € 414 thousand), as shown in the following table:

(x € 1,000)	**2017**	**2016**
LTIP Key management personnel	152	371
LTIP Employee equity participation	144	43
Total	296	414

LTIP key management personnel benefit plan (accounted for in accordance with IAS 19)
The long-term incentive plan ("LTIP") is linked to the increase in earnings per share and depends on the amount of the own investment in ICT shares by the relevant key management member. Depending on the increase in earnings per share achieved over a performance period of three years, the key management members will be awarded a long-term cash bonus.
Based on the short-term incentive regulation, the key management member must invest 33% of the amount of the short-term incentive in ICT shares. The investment must be made within a period of two months after the date on which the members become entitled to the amount of the short-term incentive. Purchased shares must be kept for at least three years or until the end of employment if this period is shorter. As such, the lock up period is never longer than the employment period.
In addition to this obligatory investment in ICT's shares, the key management members may annually invest a further sum of up to 33% of the fixed management fee (or fixed salary for those members that are employed instead of paid on basis of a management contract) that was paid in the base year to which the short-term incentive relates.
If, during the three years under review after the base year, the earnings per share has achieved the set target, ICT shall pay a cash bonus equal to 100% of the amount invested in the base year. If the set target is exceeded, the cash bonus can amount up to a maximum of 150% of the invested amount. If the target is not achieved, but the earnings per share is still above or at the threshold level, then the cash bonus equals 50% - 100% of the invested amount. Below the threshold level, there is no cash bonus. The performance criteria and the threshold and maximum levels of the cash bonus are determined each year by the Supervisory Board.

As a cash bonus under this long-term incentive plan is determined solely based on the EPS performance and is not linked to the fair value or share price of the ICT shares during the lock-up period, cash bonuses under this plan are accounted for as long-term employee benefits in accordance with IAS 19. The total expense for the long-term incentive plan for key management plan amounts to €10 thousand (2016: € 234 thousand).

In 2017 € 229 thousand is paid to key management related to the long-term key management employee benefit plan (2016: nil).

LTIP employee equity participation (accounted for in accordance with IFRS 2)
All ICT employees with a permanent employment contract can participate in ICT's equity participation plan. Once per calendar year, the employees are given the opportunity to purchase ICT shares at a 13.5% discount on the stock exchange price. The shares have a lock-up period of three years, after which a cash bonus will be granted equal to the value of one ICT share at the time for every four shares purchased if the employee is still working for ICT. The starting date of the first three-year vesting period is 31 December 2015.

The fair value of the liability as at 31 December 2017 is determined based on the share price as at 31 December 2017 of € 13,48 less the expected dividend yield during the remaining lock-up period and a reduction for expected forfeitures.

The following table provides an overview of the number of shares held by Stichting Administratiekantoor Participatieplan ICT ("the STAK") for investments made by employees under the equity participation plan:

Number of shares	2017	2016
Balance 1 January	72,419	42,098
Purchased shares by employees during the year	39,501	30,321
Sold shares by employees during the year	-	-
Balance 31 December	111,920	72,419

The 111,920 shares held by the STAK as at 31 December 2017 (31 December 2016: 72,419 shares) entitle the participating employees to a cash bonus of 25% for value of the shares held at the end of the relevant lock-up periods. The estimated cash bonus is expensed over the vesting period, which results in a liability of € 144 thousand as 31 December 2017 (31 December 2016: € 43 thousand). The total expense for the equity participation plan amounts to € 164 thousand (2016: € 43 thousand), of which € 62 thousand relates to the discount on the shares purchased by employees during the year (2016: € 37 thousand).

18. LOANS

At year-end 2017 the Company had called on the acquisition facility (facility B) for the amount of € 6,620 thousand (2016: € 9,177 thousand). Drawings under the acquisition facility (facility B) are repayable in four years, in quarterly instalments. As at 31 December 2017 the last instalment will be in the third quarter of 2020. The quarterly instalments from the 2015 drawings amount to € 190 thousand and the quarterly instalments from the 2016 drawings amount to € 425 thousand. Consequently, an amount of € 2,460 thousand (2016: € 2,484 thousand) has been presented as short-term loans under current liabilities and an amount of € 4,160 thousand (2016: € 6,693 thousand) has been presented as long-term loans.
The loan carries a variable interest rate of 1 month EURIBOR + 1.95% (2016: 1 month EURIBOR +2.4%). For further details on the credit facilities see to notes 6 and 34.

Loans as at 31 December 2017 also include a loan payable to the minority shareholder of BMA amounting to € 196 thousand (31 December 2016: € 239 thousand), of which € 126 thousand is presented as short-term loan (31 December 2016: € 170 thousand). The loan bears interest at 3%.

The carrying amount of these loans equals the fair value.

Net debt reconciliation

The net debt position as at 31 December 2017 amounts to € 566 thousand negative (31 December 2016: € 3,866 thousand negative). The following tables show the details and the movement of the net debt position:

(x € 1,000)	Cash and cash equivalents	Bank overdrafts	Loans (long-term)	Loans (short-term)	Total
Net debt as at 1 January 2017	**5,567**	**(17)**	**(6,762)**	**(2,654)**	**(3,866)**
Cash flows	933	(233)	2,532	68	3,300
Net debt as at 31 December 2017	**6,500**	**(250)**	**(4,230)**	**(2,586)**	**(566)**

19. CURRENT LIABILITIES

The current liabilities are non-interest bearing and in general include a payment term of up to 45 days. These are usually paid entirely within the payment period. The current liabilities at 31 December 2017 are 0 to 45 days old, with the exceptions of fixed price projects, the short-term portion of the restructuring and the onerous contracts, and are thus within the agreed payment period.

The current liabilities are specified as follows:

(x € 1,000)	2017	2016
Trade payables	3,296	3,008
Corporate income tax payable	410	62
Other taxes and social security liabilities	7,731	6,618
Loans short term	2,586	2,654
Bank overdrafts	250	17
Deferred income and progress billings	1,872	2,680
Payables to related parties	252	72
Other accruals	433	639
Other liabilities	6,382	5,969
Total	23,212	21,719

The other liabilities include outstanding costs to be paid to suppliers and employees.

Deferred income and progress billings represents next to progress billings on projects also obligations that ensue from fixed-price projects as warranty and project related accruals. For a breakdown of the accruals and the deferred income and progress billing position see note 14.

The carrying amount of these liabilities does not significantly differs from the fair value.

20. DEFERRED ACQUISITION CONSIDERATION

NON-CURRENT LIABILITIES

With regard to the acquisition of BMA in 2016, the deferred acquisition consideration relating to the remaining 49% of the shares of BMA (the second tranche) will be payable after a period of three years after the acquisition date, based on the realised average yearly normalised EBITDA during this period. The earn-out was valued at € 3,014 thousand at the acquisition date and was valued at the amount of € 3,261 thousand at 31 December 2017 (31 December 2016: € 3,132 thousand).

21. DISCONTINUED OPERATIONS

ICT finalised the liquidation of ICT Germany in 2016.
In 2016 the result from discontinued operations amounted to € 810 thousand and represented a net tax relief resulting from the final liquidation of ICT Software Engineering GmbH in 2016. The result from discontinued operations was attributable to the shareholders of ICT.

22. SEGMENT INFORMATION

The Executive Board is the Company's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Executive Board for the purposes of allocating resources and assessing performance. The Executive Board reviews the business from a legal entity level of operating segments in accordance with IFRS 8.

Segment definition

The Company's activities have been divided into legal entities/legal sub-groups. In line with this reporting and organisational structure, the Executive Board decided that the legal entity/sub-group level is the level of the operating segments in accordance with IFRS 8. Consequently, the Executive Board recognised the following operating segments per year-end 2017: ICT Netherlands (including Nozhup and HTS), Strypes Bulgaria, BMA, Raster and Improve.

Two or more operating segments may be aggregated into a single operating segment, when the operating segments have characteristics so similar that they can be expected to have essentially the same future prospects.
As a result of the above the Executive Board concluded that besides ICT Netherlands and Strypes Bulgaria the other operating segments can be aggregated.

On the other hand, IFRS 8 states quantitative thresholds for when an operating segment needs to be disclosed as standalone. An entity shall report information about an operating segment separately if it meets certain quantitative thresholds.
Applying these thresholds, the Executive Board notes that ICT Netherlands and Strypes Bulgaria should be presented as separate segments. The other entities, Improve, Raster and BMA which were recognised as operating segments, do not meet these thresholds and therefore are presented aggregated as 'Other'.

The thresholds for Revenue, Profit or Loss and Assets are measured as follows:

a) Revenue: Revenue as reported by the legal entity or the aggregated group to which the legal entity belongs.

b) Operating Profit: Operating profit as reported by the legal entity or the aggregated group to which the legal entity belongs including an allocation of amortisation charges on "other intangible fixed assets" for which also the book value is allocated, but excluding goodwill (symmetrical allocation with assets).

c) Assets: Total assets of the legal entity or the aggregated group to which the legal entity belongs including an allocation of the book value of "other intangible fixed assets" for which also amortisation charges are allocated (symmetrical allocation with Operating Profit).

Sales between entities are carried out at arm's length. The revenue from external parties is measured in a manner consistent with that in the consolidated statement of comprehensive income.

2017

(x € 1,000)	ICT Netherlands	Strypes Bulgaria	Other	Eliminations	Consolidated
Revenue:					
Revenue from professional services	74,622	8,509	8,697	-	91,828
Revenue from solutions / products	5,962	-	7,199	-	13,161
Total from clients	**80,584**	**8,509**	**15,896**	**-**	**104,989**
Inter-segment	694	1,132	487	(2,313)	-
Total revenue	**81,278**	**9,641**	**16,383**	**(2,313)**	**104,989**
Operating expenses directly attributable to the operating segments	58,648	5,643	10,177	(2,313)	72,155
Segment Gross profit	**22,630**	**3,998**	**6,206**	**-**	**32,834**
Allocated operating expenses	14,367	2,120	4,349	-	20,836
Operating profit before amortisation and depreciation	**8,263**	**1,878**	**1,857**	**-**	**11,998**
Allocated amortization and depreciation	1,386	709	1,464	-	3,559
Impairment charges	-	-	-	-	-
Operating profit	**6,877**	**1,169**	**393**	**-**	**8,439**
Financial expenses					(546)
Financial income					62
Result from joint ventures					113
Result from associates					(541)
Profit before taxation					**7,527**
Taxes					(1,915)
Net profit					**5,612**
Segment Assets	37,866	6,907	36,802	-	81,575
Segment Liabilities	17,194	940	15,780		33,914
				-	
Other notes					
Operating profit before amortisation and depreciation/ total revenue	10.2%	19.5%	11.3%	-	**11.4%**
Average number of employees (FTE)	734	142	90	-	966

The segment assets and liabilities resulting from the investments in joint ventures and associates (see note 10 and 11) are recorded in the segment Other.

2016

(x € 1,000)	ICT Netherlands	Strypes Bulgaria	Other	Eliminations	Consolidated
Continuing operations					
Revenue:					
Revenue from professional services	64,608	7,037	8,617	-	80,262
Revenue from solutions / products	3,913	-	5,554	-	9,467
Total from clients	**68,521**	**7,037**	**14,171**	**-**	**89,729**
Inter-segment	465	566	155	(1,186)	-
Total revenue	**68,986**	**7,603**	**14,326**	**(1,186)**	**89,729**
Operating expenses directly attributable to the operating segments	49,489	4,354	9,180	(1,186)	61,837
Segment Gross profit	**19,497**	**3,249**	**5,146**	**-**	**27,892**
Allocated operating expenses	12,857	1,575	3,164	-	17,596
Operating profit before amortisation and depreciation	**6,640**	**1,674**	**1,982**	**-**	**10,296**
Allocated amortisation and depreciation	984	710	1,230	-	2,924
Impairment charges	-	-	-	-	-
Operating profit	**5,656**	**964**	**752**	**-**	**7,372**
Financial expenses					(538)
Financial income					6
Result from joint ventures					221
Result from associates					(1,044)
Profit before taxation					**6,017**
Taxes					(1,705)
Net profit from continuing operations					**4,312**
Discontinued operations					
Result after Taxes from discontinued operations					810
Net profit					**5,122**
Segment Assets	32,548	5,914	40,688	-	79,150
Segment Liabilities	17,866	792	16,783	-	35,441
Other notes					
Operating profit before amortisation and depreciation/ total revenue	9.6%	22.0%	13.8%	-	**11.5%**
Average number of employees (FTE)	635	115	86	-	836

The segment assets and liabilities resulting from the investments in joint ventures and associates (see note 10 and 11) are recorded in the segment Other.

23. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses can be specified as follows:

(x € 1,000)	**2017**	2016
Salaries	52,452	43,304
Social security charges	7,602	6,693
Pension expenses	2,288	1,740
Share-based compensation	174	277
Total	62,516	52,014

The employees hired up to 1 January 2008 participate in a defined contribution plan on the basis of average pay scheme contribution (a “DC plan”), which is managed by an insurance company. For this plan, the Company has no other obligations than to pay a contribution, which is based on an average pay scheme system. The employees hired since 1 January 2008 participate in a defined contribution plan on the basis of available pension contribution (a “DC plan”), which is managed by an insurance company. For this plan the Company has no other obligations than to pay a contribution, which is based on an agreed-upon scale.

The post-employment benefits expenses recognised in the consolidated statement of comprehensive income can be specified as follows:

(x € 1,000)	**2017**	2016
Pension costs	3,299	2,674
Employee Contributions	(1,011)	(934)
Total	2,288	1,740

The average number of staff employed by ICT Group N.V. and its group companies in 2017, expressed in full time equivalents was 966 (2016: 836). Of these employees, 142 were employed outside the Netherlands (2016: 115).

24. REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD AND EXECUTIVE BOARD

The total remuneration for members of the Supervisory Board and the Executive Board in 2017 is as follows:

2017	Fixed management fee	Short-term incentive	Long-term incentive*	Total
Members of the Supervisory Board				
Th. J. van der Raadt (chairman)	45,000	-	-	45,000
F.J. Fröschl	30,000	-	-	30,000
D. Luthra	36,000	-	-	36,000
J.A. Sinoo	39,000	-	-	39,000
	150,000	-	-	150,000
Members of the Executive Board				
J.H. Blejie	363,333	155,877	6,303	525,513
W.J. Wienbelt	240,000	105,594	4,968	350,562
	603,333	261,471	11,271	876,075
Total	753,333	261,471	11,271	1,026,075

* The estimated amounts have been accrued but will only be payable after the three-year lock-up period. Final amounts payable will depend on the increase in earnings per share during the three-year lock-up period.

The performance targets for the members of the Executive Board are set annually by the Supervisory Board in the balanced scorecards and are based on qualitative and quantitative criteria. The total remuneration received by the members of the Executive Board consists of the following components:

1. fixed remuneration consisting of
   a. a fixed management fee; and
   b. a fixed amount for the reimbursement of costs for insurances for healthcare and occupational disability as well as the costs for accruing a pension;
2. variable remuneration
   a. related to short-term results (short-term incentive) in the form of a cash bonus for achieving the annual performance criteria; and
   b. related to long-term results (long-term incentive) in the form of a cash bonus depending on the increase in earnings per share and the amount of the own investment in ICT shares of the member of the Executive Board.

The expenses related to the long term incentive plan amounted to € 11,271 in 2017 (2016: € 196,606). The related liability has been recognised under 'share-based compensation and long-term incentive plan liabilities' in the consolidated balance sheet.

The total remuneration for members of the Supervisory Board and the Executive Board in 2016 was as follows:

2016	Fixed management fee	Short-term incentive	Long-term incentive*	**Total**
Members of the Supervisory Board				
Th. J. van der Raadt (chairman)	45,000	-	-	45,000
F.J. Fröschl	30,000	-	-	30,000
D. Luthra	36,000	-	-	36,000
J.A. Sinoo	39,000	-	-	39,000
	150,000	-	-	150,000
Members of the Executive Board				
J.H. Blejie	360,000	138,880	125,225	624,105
W.J. Wienbelt	230,000	89,600	71,381	390,981
	590,000	228,480	196,606	1,015,086
Total	740,000	228,480	196,606	1,165,086

* The estimated amounts have been accrued but will only be payable after the three-year lock-up period. Final amounts payable will depend on the increase in earnings per share during the three-year lock-up period.

25. SHARES HELD BY MEMBERS OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

The shares held by members of the Executive Board at year-end can be specified as follows:

	Number held at 31 December 2017	Number held at 31 December 2016
Members of the Executive Board		
J.H. Blejie	36,715	22,605
W.J. Wienbelt	17,056	7,614

The members of the Supervisory Board do not hold shares in ICT Group N.V.

26. OUTSTANDING OPTIONS HELD BY MEMBERS OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

Executive Board
The members of the Executive Board did not have options in 2017 and 2016.

Supervisory Board
The members of the Supervisory Board did not have options in 2017 and 2016.

27. LOANS TO MEMBERS OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

There were no loans to the Executive Board or Supervisory Board members.

28. OTHER OPERATING EXPENSES

The other operating expenses item can be specified as follows:

(x € 1,000)	**2017**	2016
Car costs	6,599	6,141
Accommodation	2,259	2,187
Other expenses	10,023	8,737
Total	18,881	17,065

Other expenses in 2017 include € 193 thousand related to the research of potential strategic combinations and to the acquisition of HTS (2016: € 456 thousand, including the research of potential strategic combinations and the acquisition of BMA and Nozhup).

29. FINANCIAL INCOME AND EXPENSES

The financial expenses comprise bank costs and interest on loans. The financial income comprised received bank interest and interest from the (convertible) loans to associates. The 2017 financial expenses also include an amount of € 129 thousand for interest on the deferred acquisition consideration relating to BMA. In 2016 the financial expenses also include € 118 thousand interest on the deferred acquisition consideration relating to BMA and € 51 thousand relating to Strypes Bulgaria.

30. INCOME TAX EXPENSES

	Continuing operations		Discontinued operations	
(x € 1,000)	2017	2016	2017	2016
Current tax	720	413	-	-
Deferred tax	1,195	1,292	-	(810)
Total tax charge (credit)	1,915	1,705	-	(810)

The reconciliation from the nominal Dutch statutory tax rate to the effective tax rate is explained in the table below:

	Continuing operations				Discontinued operations			
(x € 1,000)	2017		2016		2017		2016	
Result before taxation	7,527		6,017		-		-	
Income tax based on prevailing rate, in the Netherlands 25.0% (2016: 25.0%)	1,882	25.0%	1,504	25.0%	-	-	-	-
Permanent Differences:								
Effect of tax rates in foreign regimes	(297)	-3.9%	(219)	-3.6%	-	-	-	-
Effect of non-deductible expenses	119	1.6%	137	2.3%	-	-	-	-
Effect of result from joint ventures and associates	170	2.3%	211	3.5%	-	-	-	-
Effect of non-taxable income	(36)	-0.5%	-	0.0%	-	-	-	-
Unrecognised carry-forward tax losses	77	1.0%	72	1.2%	-	-	-	-
Deferred tax effect liquidation ICT Germany	-		-		-	-	(810)	-
Income tax expense (credit) / Average effective tax rate	1,915	25.4%	1,705	28.3%	-	-	(810)	-

The effect of taxes in foreign regimes reflect the impact of different nominal tax rates in the fiscal jurisdictions in which ICT operates. In 2017 and in 2016 the nominal corporate tax rate in Bulgaria amounted to 10%, in France to 33%, in Belgium to 34% and in Germany to 30%.

Non-taxable income and non-deductible expenses represent adjustments for income and expenses not subject to taxation.

In 2016, ICT finalised the liquidation of ICT Germany and the liquidation resulted in a net tax relief of € 810 thousand, including a tax charge on deferred tax assets of € 290 thousand and a € 1,100 thousand tax relief from deferred tax liabilities.

The 2017 income tax expense (profit) includes an amount of € 554 thousand with respect to the 2017 amortisation on the intangible assets relating to the acquisition of Strypes Bulgaria, Raster, BMA, Nozhup and HTS. In 2016 the income tax expense (profit) on continuing operations included an amount of € 499 thousand with respect to the 2016 amortisation on the intangible assets relating to the acquisition of Strypes Bulgaria, Raster, BMA and Nozhup.

Taxes are calculated on the profit or loss before taxation based on the tax rates in force, taking into account available tax relief.

ICT Group N.V., together with its group companies in the Netherlands, but excluding High Tech Solutions B.V., Buro Medische Automatisering B.V., BMA Telenatal B.V. and ICT Mobile B.V., forms one single fiscal unity. Tax is calculated and recharged within the tax Group as if the group companies were paying tax on a separate return basis.

31. EARNINGS PER SHARE

The following table reflects the income and share data used in the earnings per share computations:

	2017	2016
Weighted average number of outstanding ordinary shares	9,360,010	8,968,516
Earnings per share:		
From continuing and discontinued operations		
Net profit attributable to shareholders in €	5,226,000	5,006,000
Basic earnings per share in €	0.56	0.56
From continuing operations		
Net profit attributable to shareholders in €	5,226,000	4,196,000
Basic earnings per share in €	0.56	0.47

As per 31 December 2017 and 31 December 2016 there are no dilution effects.

32. INDEPENDENT AUDITOR'S FEES

	2017				2016		
(x € 1,000)	PricewaterhouseCoopers	PricewaterhouseCoopers Network	Deloitte Accountants B.V.	Total	Deloitte Accountants B.V.	Deloitte Network	Total
Audit of the financial statements	262	18	48	328	242	8	250
Other audit services	-	-	-	-	-	-	-
Tax advisory services	-	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-	-
Total	262	18	48	328	242	8	250

The fees listed above relate to the procedures applied to the Company and its consolidated group entities by its independent auditor PricewaterhouseCoopers Accountants N.V., out of pocket expenses and a transition fee (2016: Deloitte Accountants B.V. and the Deloitte Network) as referred to in article 1(1) of the Dutch Accounting Firms Oversight Act (Dutch abbreviation: Wta). The Deloitte audit fees relate to subsequent charges for the 2016 audit.

33. RELATED PARTIES

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management includes the members of the Supervisory Board and members of the Executive Board of ICT Group N.V. and the statutory director of ICT Automatisering Nederland B.V. The compensation paid or payable to key management is shown below:

Key management (x € 1,000)	2017	2016
Salaries, fees and other short-term employee benefits	956	935
Bonus	322	281
Post-employment benefits	8	7
Share-based compensation	10	234
Total	**1,296**	**1,457**

OTHER RELATED PARTY TRANSACTIONS

In the ordinary course of business, ICT buys and sells products and services from and to various related parties in which ICT has significant influence. The transactions are primarily related to the outsourcing of personnel and are conducted under terms and conditions that are equivalent to those that apply to arm's length transactions.

The following related parties are not included in the consolidation, being independent foundations.

- Stichting Administratiekantoor Participatieplan ICT *
- Stichting Administratiekantoor ICT **
- Stichting Continuïteit ICT

* The Stichting Administratiekantoor Participatieplan ICT holds the shares related to the equity participation plan for ICT employees and issues share certificates to the employees (see note 17).

** The foundation is dormant since the last option rights were exercised in 2015.

The transactions between entities of the ICT Group on a 100% basis with InTraffic B.V., LogicNets Inc, Strypes Nederland B.V. (until 24 November 2017) and GreenFlux Assets B.V. during the year can be specified as follows:

(x € 1,000)	2017	2016
Sales to joint ventures	1,779	1,962
Purchases from joint ventures	-	-
Receivables from joint ventures	245	401
Loans (net) to joint ventures	-	-
Payables to joint ventures	-	-

(x € 1,000)	2017	2016
Sales to associates	1,385	1,374
Purchases from associates	708	400
Receivables from associates	1,016	572
Loans (net) to associates *	635	325
Payables to associates	252	72

* The loans (net) to related parties represent the loans to GreenFlux and CIS (we refer to note 11 and 13).

The transactions and related balances are primarily related to the outsourcing of personnel. The transactions take place at arm's length rates.

34. COMMITMENTS AND CONTINGENCIES NOT DISCLOSED IN THE BALANCE SHEET

Credit facility

In 2017 ICT extended its credit facilities to € 23.5 million in total (2016: € 22.5 million). The working capital credit facility (facility A) is € 10 million (2016: € 10 million) and the acquisition credit facility (facility B) € 11 million (2016: € 11 million). The guarantee facility is extended from € 1.5 million in 2016 to € 2.5 million in 2017.

At year-end 2017 ICT had called on the acquisition facility (facility B) for the amount of € 6.6 million and had not used the working capital credit facility (facility A). At year-end 2016 ICT had called on the acquisition facility (facility B) for the amount of € 9.2 million and had called on the working capital credit facility (facility A) for an insignificant amount.

The covenant requirements include a Senior Net Debt to EBITDA ratio (max. 2), an asset cover test, a revenue cover test and a clean down period of three consecutive business days per year. In 2017 and per 31 December 2017, the Company complies with all quarterly and annual bank covenant requirements.

Guarantees

At the balance sheet date, outstanding guarantees amounted to € 1.6 million (2016: € 1.3 million). These guarantees were provided in connection with current rental and client commitments.

Rental, lease and other commitments

The table below shows the liabilities related to the rental commitments for offices. The rental commitments are long-term in nature with a maximum term of 10 years. ICT has options to extend the majority of the rental contracts after the contract periods. The extension periods varies from 3 to 5 years depending on the rental contracts.

Rental

(x € 1,000)	2017	2016
No later than 1 year	1,648	1,715
Later than 1 year and no later than 5 years	5,069	6,040
Later than 5 years	1,310	1,851
Total	**8,027**	**9,606**

The table below shows the liabilities relating to operating leases for cars provided to employees, each lease having a term of up to four years.

Car Lease

(x € 1,000)	2017	2016
No later than 1 year	3,869	3,853
Later than 1 year and no later than 5 years	4,290	5,009
Later than 5 years	-	-
Total	**8,159**	**8,862**

Other commitments

(x € 1,000)	2017	2016
No later than 1 year	20	20
Later than 1 year and no later than 5 years	76	96
Later than 5 years	-	-
Total	**96**	**116**

Legal procedures

The Company is involved in some legal proceedings in connection with the group's business activities. In the opinion of the Executive Board, these will have no material impact on the financial position of the Company because the assessment is that it is not probable that the proceedings will result in a significant cash outflow.

Fiscal unity

The following entities are part of the fiscal unity of ICT Group N.V. for corporate tax purposes as at 31 December 2017:

- ICT Automatisering Nederland B.V. (including the legally merged entities Cheese Maze Holland B.V. and Nozhup B.V.)
- Raster Beheer B.V., Raster Industriële Automatisering B.V. and Raster Products B.V.
- Improve Quality Services B.V. (since 1 January 2017)
- ICT Nearshoring B.V.

Under the Dutch Collection of State Taxes Act, each member of the fiscal unity is jointly and severally liable for any corporate tax payable by the tax group.

35. SUBSEQUENT EVENTS

NedMobiel

On 24 January 2018, ICT completed the purchase of 100% of the shares of NedMobiel B.V. The purchase price amounts to € 2.3 million in cash and a contingent consideration will be payable based on the EBITDA that NedMobiel will achieve in 2018, capped at € 0.5 million.

InTraffic

On 5 February 2018, ICT Group signed a letter of intent with Movares and InTraffic to acquire the remaining 50% of the shares in InTraffic from joint venture partner Movares. Following the acquisition ICT Group will hold 100% of the shares of InTraffic. Acquiring InTraffic in full will allow ICT to strengthen its position in its strategic theme 'Smarter Cities'.

InTraffic, located in Nieuwegein, designs and builds applications for Public Transport, Infrastructure Monitoring and Travel Information. The company was founded in 2003 as a joint venture between ICT Group and engineering company Movares. InTraffic generates annual turnover of approximately € 19 million. Closing of the transaction is expected end of March 2018. InTraffic will be fully consolidated as from the closing of the transaction, while currently ICT's 50% stake is reported as 'result from joint ventures'. The purchase consideration for 50% of the shares will be paid in cash.

As per the acquisition date, the Group has not yet determined the expected total consideration for both NedMobiel and InTraffic. As per the date of issuing these financial statements, the 2017 IFRS-compliant financial information for NedMobiel and InTraffic as well the fair value of identifiable assets acquired and liabilities assumed, including the calculation of the goodwill amount, are not yet available. It is expected that this financial information will become available in the first half of 2018. Consequently, the full IFRS disclosure on the business combinations will be made in 2018.

COMPANY FINANCIAL STATEMENTS 2017

- **Company balance sheet**
- **Company income statement**
- **Notes to the Company balance sheet and income statement**

COMPANY BALANCE SHEET

As at 31 December (before net result appropriation)

(x € 1,000)	Note	2017		2016	
Assets					
NON-CURRENT ASSETS					
Property, plant & equipment	2	-		126	
Goodwill	3	22,024		21,656	
Other intangible assets	4	-		36	
Financial assets	5	37,626		32,179	
Deferred tax assets	6	74		2,009	
Other financial assets	7	596		277	
			60,320		56,283
CURRENT ASSETS					
Trade and other receivables	8	326		3,426	
Corporate income tax receivable		606		901	
Cash and cash equivalents		78		68	
			1,010		4,395
TOTAL ASSETS			61,330		60,678
Equity and liabilities					
SHAREHOLDERS' EQUITY	9				
Issued share capital		941		929	
Share premium		14,209		13,768	
Currency translation reserve		95		75	
Legal reserve		2,269		1,744	
Treasury shares		-		-	
Retained earnings		24,159		21,753	
Net profit		5,226		5,006	
			46,899		43,275
NON-CURRENT LIABILITIES	10				
Share-based compensation and long-term employee benefits liabilities		296		414	
Loans (long-term)		4,160		6,693	
Deferred acquisition consideration (long-term)		3,261		3,132	
			7,717		10,239
CURRENT LIABILITIES	11				
Trade payables		506		316	
Payables to group companies		3,110		3,578	
Other taxes and social security premiums		14		21	
Loans (short-term)		2,460		2,484	
Bank overdrafts		-		17	
Other current liabilities		624		748	
			6,714		7,164
TOTAL EQUITY AND LIABILITIES			61,330		60,678

COMPANY INCOME STATEMENT

For the year ended 31 December

(x € 1,000)	Note	2017	2016
Revenue	12	2,206	2,367
Employee benefit expenses	13	1,581	1,663
Depreciation and amortisation	2	-	158
Other operating expenses	14	1,662	1,320
Total operating expenses		3,243	3,141
Operating profit		**(1,037)**	**(774)**
Financial expenses	15	(498)	(506)
Financial income	15	44	1
Result from subsidiaries	5	6,856	7,219
Result from joint ventures	5	113	221
Result from associates	5	(498)	(1,065)
Result before taxes		4,980	5,096
Income tax (expense) profit	16	246	(90)
Net profit		**5,226**	**5,006**

NOTES TO THE COMPANY BALANCE SHEET AND INCOME STATEMENT

1. ACCOUNTING INFORMATION AND POLICIES

1.1 BASIS OF PREPARATION

The Company financial statements of ICT Group N.V. (Trade Register number: 24186237) have been prepared in accordance with Section 9, Book 2 of the Dutch Civil Code. In accordance with sub-article 8 of article 362, Book 2 of the Dutch Civil Code, the Company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

In the event that no other policies are mentioned, we refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report.

Financial assets

The financial assets over which ICT Group exercises control are carried at net asset value. The net asset value is determined by measuring the assets, provisions and liabilities and calculating the result according to the accounting policies applied in the Consolidated financial statements. In the Company financial statements the financial assets includes the intangible fixed assets and the deferred tax liabilities related to financial assets over which ICT Group exercises control.

For an appropriate interpretation, the Company financial statements of ICT Group N.V. should be read in conjunction with the consolidated financial statements.

All amounts are presented in multiples of € 1,000, unless stated otherwise.

2. PROPERTY, PLANT AND EQUIPMENT

The following overview shows movements in the assets included under this balance sheet item during 2017 and 2016:

	2017			2016		
(x € 1,000)	Computer equipment	Other tangible fixed assets	Total	Computer equipment	Other tangible fixed assets	Total
Cost						
1 January	**1,020**	**237**	**1,257**	**999**	**237**	**1,236**
Additions	-	-	-	21	-	21
Transfer intergroup	(1,020)	(237)	(1,257)	-	-	-
31 December	**-**	**-**	**-**	**1,020**	**237**	**1,257**
Accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**-**
1 January	**(919)**	**(212)**	**(1,131)**	**(817)**	**(190)**	**(1,007)**
Depreciation	-	-	-	(102)	(22)	(124)
Transfer intergroup	919	212	1,131	-	-	-
31 December	**-**	**-**	**-**	**(919)**	**(212)**	**(1,131)**
Net book value 1 January	**101**	**25**	**126**	**182**	**47**	**229**
Net book value 31 December	**-**	**-**	**-**	**101**	**25**	**126**

3. GOODWILL

The movement in goodwill is as follows:

(x € 1,000)	**2017**	2016
At 1 January		
Cost	27,736	20,973
Accumulated impairment	(6,080)	(6,080)
Net book value	21,656	14,893
Movement in cost		
Arising on acquisition	368	6,763
	368	6,763
Impairment losses		
Impairment	-	-
	-	-
At 31 December		
Cost	28,104	27,736
Accumulated impairment	(6,080)	(6,080)
Net book value	22,024	21,656

For the purpose of impairment testing, goodwill is allocated to the following cash-generating units (CGUs).

(x € 1,000)	**2017**	2016
ICT Netherlands (including Nozhup and HTS)	13,582	13,214
Strypes Bulgaria	1,009	1,009
Raster	3,003	3,003
Improve	2,189	2,189
BMA	2,241	2,241
Total	22,024	21,656

For further information related to goodwill, we refer to the consolidated financial statements (note 8).

4. OTHER INTANGIBLE ASSETS

The following overview shows movements in the other intangible assets included under this balance item during 2017 and 2016:

(x € 1,000)	2017	2016
	Software and licenses	Software and licenses
Cost		
1 January	**716**	716
Additions	-	-
Transfer intergroup	(716)	-
31 December	-	716
Accumulated amortisation		
1 January	**(680)**	**(645)**
Amortisation	-	(35)
Transfer intergroup	680	-
31 December	**-**	**(680)**
Net book value 1 January	**36**	**71**
Net book value 31 December	**-**	**36**

The transfer intergroup contains the transfer of software and licenses to ICT Automatisering Nederland B.V.
For further information related to other intangible assets, we refer to the consolidated financial statements (note 9).

5. FINANCIAL ASSETS

Movement in the net asset value of the financial assets is as follows:

(x € 1,000)	2017	2016
Movement in financial assets for participation with a negative amount		
Balance as at 1 January	**-**	**(10,223)**
Share in profit of (loss) in participating interests	-	1,162
Liquidation	-	9,061
Share in negative net asset value	-	-
Transfer to provision subsidiaries	-	-
Loans as at 1 January	-	10,164
Payments to loans	-	(1,103)
Liquidation	-	(9,061)
Balance as at 31 December	-	-
Movement in financial assets		
Balance as at 1 January	**32,179**	**44,745**
Share in result from subsidiaries, joint ventures and associates	6,875	5,940
Impairment of associates	(404)	(727)
Dividend received	(1,940)	(26,944)
Additions	896	9,187
Exchange rate differences	20	(22)
Balance as at 31 December	**37,626**	**32,179**

6. DEFERRED TAX ASSETS

The deferred tax asset pertains to the carry-forward losses for the liquidation of ICT Germany and the temporary differences between the carrying amount and tax base of assets and liabilities. The movement in deferred tax can be shown as follows:

(x € 1,000)	2017	2016
Balance as at 1 January	**2,009**	**4,129**
Charged to the balance sheet:	-	-
Subtotal	-	-
Gain / (loss) charged to the income statement:		
Utilisation	(2,009)	(1,830)
Liquidation ICT Software Engineering GmbH	-	(290)
Related to share-based compensation liabilities	74	-
	(1,935)	(2,120)
Balance as at 31 December	**74**	**2,009**

For further explanation, see note 12 of the consolidated financial statements.

7. OTHER FINANCIAL ASSETS

Other financial assets relate to the loans granted to GreenFlux and CIS. Refer to note 13 of the consolidated financial statements.

8. TRADE AND OTHER RECEIVABLES

The composition of the trade and other receivables is as follows:

(x € 1,000)	2017	2016
Trade receivables	-	3
Receivables from group companies	127	3,163
Other receivables	127	105
Prepayments and accrued income	72	155
Balance as at 31 December	**326**	**3,426**

The prepayments and accrued income mainly relate to prepayments made to suppliers. All items fall due within one year. The fair value of the trade and other receivables approximates their book value.

9. SHAREHOLDERS' EQUITY

The movements in shareholders' equity are as follows:

(x € 1,000)	Issued share capital	Cumulative preference shares	Share premium	Currency translation reserve	Legal reserve	Treasury shares	Retained earnings	Profit for the year	Total
1 January 2016	**875**	**-**	**8,411**	**97**	**1,392**	**-**	**21,171**	**3,551**	**35,497**
Net profit	-	-	-	-	-	-	-	5,006	5,006
Dividends paid	-	-	-	-	-	-	(2,123)	-	(2,123)
Purchase of subsidiaries	-	-	-	-	-	-	(461)	-	(461)
Exchange rate differences	-	-	-	(22)	-	-	-	-	(22)
Purchase of treasury shares	-	-	-	-	-	(310)	-	-	(310)
Sale of treasury shares	-	-	-	-	-	277	-	-	277
Issuance of new shares	54	-	5,357	-	-	-	-	-	5,411
Transfers	-	-	-	-	352	33	(385)	-	-
Prior year result allocation	-	-	-	-	-	-	3,551	(3,551)	-
Balance at 31 December 2016	**929**	**-**	**13,768**	**75**	**1,744**	**-**	**21,753**	**5,006**	**43,275**
1 January 2016	**929**	**-**	**13,768**	**75**	**1,744**	**-**	**21,753**	**5,006**	**43,275**
Net profit	-	-	-	-	-	-	-	5,226	5,226
Dividends paid	-	-	-	-	-	-	(2,052)	-	(2,052)
Dividend stock charged	-	-	(1,012)	-	-	-	-	-	(1,012)
Exchange rate differences	-	-	-	20	-	-	-	-	20
Purchase of treasury shares	-	-	-	-	-	(331)	-	-	(331)
Sale of treasury shares	-	-	-	-	-	308	-	-	308
Issuance of new shares	12	-	1,453	-	-	-	-	-	1,465
Transfers	-	-	-	-	525	23	(548)	-	-
Prior year result allocation	-	-	-	-	-	-	5,006	(5,006)	-
Balance at 31 December 2017	**941**	**-**	**14,209**	**95**	**2,269**	**-**	**24,159**	**5,226**	**46,899**

The authorised share capital of € 3,750,000 is divided into 18,700,000 ordinary shares with a nominal value of € 0.10 each and 18,800,000 cumulative preference shares with a nominal value of € 0.10 each.

The number of ordinary shares issued and fully paid-up at year-end amounted to 9,411,301 (2016: 9,288,309).

At 31 December 2017 the number of outstanding shares amounted to 9,411,301 (31 December 2016: 9,288,309). ICT Group N.V. issued 40,000 new shares on 22 May 2017 related to the share participation plan for personnel and the long term investment plan of key management. On 7 June 2017, ICT issued 82,992 new shares related to the stock dividend.

For further details refer to note 16 of the consolidated financial statements.

Share premium reserve

The share premium reserve has increased by € 449,000 related to the newly issued shares for the long term incentive plan for key management and the newly issued shares for the share participation plan for employees and has decreased by € 8,000 related to the stock dividend.

Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The currency translation reserve is a legal reserve and cannot be distributed.

Legal reserve

The legal reserve, which cannot be distributed, pertains capitalised product development expenses, capitalised software development expenses and the undistributed net profits of joint ventures and associates.

Treasury shares

When ICT purchases own shares, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Purchased own shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are subsequently sold, the amount received is recognised as an increase in equity treasury share reserve and the resulting surplus or deficit on the transaction is presented in retained earnings.

In 2017 ICT purchased treasury shares for the share participation plan for employees.
In 2016 ICT purchased treasury shares for the share participation plan for employees, for the long-term incentive plan for key management and the partial fulfilment of payment on the acquisition of Raster.

The average purchase price of the ordinary treasury shares was € 12.58 (2016: € 10.23).

On 31 December 2017 ICT owned no treasury shares.

The changes in the number of issued and outstanding ordinary shares in 2017 and 2016 are shown in the following table.

Treasury shares	Number of shares	Average rate in Euros	Treasury shares (x € 1,000)	Retained earnings (x € 1,000)
At 1 January 2016	-	-	-	-
- Purchased treasury shares in 2016 for the personnel share plan	30,321	10.23	310	-
- Sold treasury shares in 2016 for the personnel share plan	(30,321)	9.13	(277)	-
- Loss transfer to retained earnings	-		(33)	(33)
At 31 December 2016	-		-	(33)
- Purchased treasury shares in 2017 for the personnel share plan	26,314	12.58	331	-
- Sold treasury shares in 2017 for the personnel share plan	(26,314)	11.71	(308)	-
- Loss transfer to retained earnings	-		(23)	(23)
At 31 December 2017	**-**		**-**	**(23)**

Stichting Continuïteit ICT (ICT Continuity Foundation) and preference shares

As a means to protect the company and its stakeholders against an unsolicited attempt to obtain (de facto) control of the company, the company's Articles of Association authorise the Executive Board and the Supervisory Board to issue (rights to) preference shares to Stichting Continuïteit ICT under an option agreement entered into between the company and the Stichting. The objective of the Stichting is to safeguard the interests of the company, its business and all its stakeholders. Based on the option agreement, the Stichting may subscribe for a number of preference shares equal to the number of the outstanding ordinary shares in the company less one. The issuance of preference shares is an anti-takeover measure. When taken, this protective measure is temporary in nature and would enable ICT to judge any (hostile) situation on its merits and/or to explore alternatives. The Stichting has an independent board. As at 31 December 2017, the board consisted of the following members: Mr. H.J.A. Knijff (chairman), Mr. R. ter Haar, Mr. P.F. Plaizier and Mr. J.C.M. Schönfeld.

Proposed profit appropriation

ICT proposes a dividend of € 0.35 per share for the 2017 financial year (2016: € 0.33). The dividend payment is subject to the approval of the Annual General Meeting of Shareholders (AGM) to be held on 9 May 2018. For the calculation of the proposed dividend, the realised net profit is adjusted for the non-cash amortisation amounts and the downward valuation of LogicNets. This results in an adjusted net profit for the full year 2017 of € 8.3 million. The proposed dividend represents a pay-out ratio of 40% of the adjusted net profit. ICT offers an option for payment in cash or in shares.

ICT will determine the dividend payment in shares one day after the end of the optional period on the basis of the average price of ICT shares during the last five trading days of the optional period, which shall end on 28 May 2018. The dividend will be payable, in cash or in shares, on 30 May 2018.

10. NON-CURRENT LIABILITIES

For share-based compensation liabilities and loans see note 17 and 18 of the consolidated financial statements. For the deferred acquisition consideration see note 20 of the consolidated financial statements.

11. CURRENT LIABILITIES

The other liabilities include outstanding expenses to be paid to suppliers and employees.

12. REVENUE

Revenue relates to management fees and other expenses recharged to group companies.

13. EMPLOYEE BENEFIT EXPENSES

(x € 1,000)	**2017**	2016
Supervisory Board	150	150
Executive Board	865	818
Share-based compensation key management personnel	10	234
Other staff costs:		
Salaries	353	383
Social security contributions	25	20
Pension contributions	14	15
Costs of employee equity participation	164	43
Total	1,581	1,663

FTEs	**2017**	2016
Average number of staff	5	4

None of the employees were employed outside the Netherlands.

14. OTHER OPERATING EXPENSES

The other operating expenses item can be specified as follows:

(x € 1,000)	**2017**	2016
Car and travel cost	32	54
Other costs	1,630	1,266
Total	1,662	1,320

Other expenses in 2017 include € 193 thousand related to the research of potential strategic combinations and to the acquisition of HTS (2016: € 456 thousand, related to the acquisition of BMA and Nozhup).

15. FINANCIAL INCOME AND EXPENSES

The financial expenses comprise bank costs and interest on loans. The financial income comprised received bank interest. The 2017 financial expenses also include an amount of € 129 thousand for interest on the deferred acquisition consideration relating to BMA. In 2016 the financial expenses also include € 118 interest on the deferred acquisition consideration relating to BMA and € 51 thousand relating to Strypes Bulgaria.

16. INCOME TAX EXPENSES

(x € 1,000)	**2017**	2016
Current tax	(2,181)	(2,030)
Deferred tax	1,935	2,120
Total tax expense (credit)	(246)	90

(x € 1,000)	**2017**		2016	
Result before taxation	4,980		5,096	
Income tax based on prevailing rate, in the Netherlands 25.0% (2016: 25.0%)	1,245	25.0%	1,274	25.0%
Permanent Differences:				
Effect of non-deductible expenses	137	2.8%	229	4.5%
Effect of result from subsidiaries, joint ventures and associates	(1,618)	-32.5%	(1,693)	-33.2%
Effect of non-taxable income	(10)	-0.2%	(10)	-0.2%
Deferred tax effect liquidation ICT Germany	-	0.0%	290	5.7%
Income tax expense (credit) / Average effective tax rate	(246)	-4.9%	90	1.8%

Non-taxable income and non-deductible expenses represent adjustments for income and expenses not subject to taxation.

The deferred tax in 2016 is related to the liquidation of ICT Germany. As at 31 December 2017 the deferred tax related to this liquidation has been fully utilised. We refer to note 30 of the consolidated financial statements.

Taxes are calculated on the profit or loss before taxation based on the tax rates in force, taking into account available tax relief.

ICT Group N.V., together with its group companies in the Netherlands, but excluding High Tech Solutions B.V., Buro Medische Automatisering B.V., BMA Telenatal B.V. and ICT Mobile B.V., forms one single fiscal unity. Tax is calculated and recharged within the tax Group as if the group companies were paying tax on a separate return basis.

17. INDEPENDENT AUDITOR'S FEES

For the independent auditor's fees, see note 32 of the consolidated financial statements.

18. REMUNERATION OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

For the remuneration of the Executive Board and the Supervisory Board, please see note 24 of the consolidated financial statements.

19. COMMITMENTS AND CONTINGENCIES NOT INCLUDED ON THE BALANCE SHEET

With the exception of the guarantees and lease commitments, please see note 34 for this item in the consolidated financial statements.

Guarantees

At the balance sheet date the guarantees outstanding for ICT Group N.V. amounted to € 1,019 thousand (2016: € 834 thousand). These guarantees were provided in connection with current rental and client commitments.

Under the Company's credit facility, ICT Group N.V., ICT Automatisering Nederland B.V., Improve Quality Services B.V., ICT Nearshoring B.V., Raster Beheer B.V., Raster Industriële Automatisering B.V., Raster Products B.V. and Buro Medische Automatisering B.V. have pledged their current and future receivables from trading activities as collateral.

Rental and lease commitments

The table below shows the liabilities related to the rental commitments for offices. The rental commitments are long-term in nature with a maximum term of 10 years. ICT has options to extend the majority of the rental contracts after the contract periods. The extension periods varies from 3 to 5 years depending on the rental contracts.

Rental

(x € 1,000)	**2017**	2016*
No later than 1 year	518	500
Later than 1 year and no later than 5 years	1,618	1,991
Later than 5 years	34	161
Total	2,170	2,652

* 2016 adjusted for comparison purposes.

The table below shows the liabilities relating to operating leases for cars provided to employees, each lease having a term of up to four years.

Car Lease

(x € 1,000)	**2017**	2016
No later than 1 year	58	53
Later than 1 year and no later than 5 years	40	74
Later than 5 years	-	-
Total	98	127

Fiscal unity for corporate tax

The following entities are part of the fiscal unity of ICT Group N.V. for corporate tax purposes as at 31 December 2017:

- ICT Automatisering Nederland B.V.
- Raster Beheer B.V., Raster Industriële Automatisering B.V. and Raster Products B.V.
- Improve Quality Services B.V.
- ICT Nearshoring B.V.

Under the Dutch Collection of State Taxes Act, each member of the fiscal unity is jointly and severally liable for any corporate taxes payable by the tax group.

Article 403 Statement Book 2 of the Dutch Civil Code

ICT Group N.V. is liable for legal acts on behalf of ICT Automatisering Nederland B.V. since 1 January 2012, such by virtue of the filing of a 2:403 statement at the Chamber of Commerce.

20. SUBSEQUENT EVENTS

NedMobiel

On 24 January 2018, ICT completed the purchase of 100% of the shares of NedMobiel B.V. The purchase price amounts to € 2.3 million in cash and a contingent consideration will be payable based on the EBITDA that NedMobiel will achieve in 2018, capped at € 0.5 million.

InTraffic

On 5 February 2018, ICT Group signed a letter of intent with Movares and InTraffic to acquire the remaining 50% of the shares in InTraffic from joint venture partner Movares. Following the acquisition ICT Group will hold 100% of the shares of InTraffic. Acquiring InTraffic in full will allow ICT to strengthen its position in its strategic theme 'Smarter Cities'.

InTraffic, located in Nieuwegein, designs and builds applications for Public Transport, Infrastructure Monitoring and Travel Information. The company was founded in 2003 as a joint venture between ICT Group and engineering company Movares. InTraffic generates annual turnover of approximately € 19 million. Closing of the transaction is expected end of March 2018. InTraffic will be fully consolidated as from the closing of the transaction, while currently ICT's 50% stake is reported as 'result from joint ventures'.
The purchase consideration for 50% of the shares will be paid in cash.

As per the acquisition date, the Group has not yet determined the expected total consideration for both NedMobiel and InTraffic.
As per the date of issuing these financial statements, the 2017 IFRS-compliant financial information for NedMobiel and InTraffic as well the fair value of identifiable assets acquired and liabilities assumed, including the calculation of the goodwill amount, are not yet available. It is expected that this financial information will become available in the first half of 2018. Consequently, the full IFRS disclosure on the business combinations will be made in 2018.

Barendrecht, 1 March 2018

Executive Board
J.H. Blejie
W.J. Wienbelt

Supervisory Board
Th. J. van der Raadt (Chairman)
J.A. Sinoo (Vice Chairman)
F.J. Fröschl
D. Luthra

OTHER INFORMATION

- **Provisions in the articles of association related to the appropriation of profit**
- **Stichting Continuïteit ICT**
- **Independent auditor's report**

PROVISIONS IN THE ARTICLES OF ASSOCIATION RELATED TO THE APPROPRIATION OF PROFIT

The salient points of Article 37 of the Articles of Association related to the appropriation of profit are as follows:

Pursuant to law, ICT Group N.V. may only distribute dividends to the extent that its shareholders' equity exceeds the amount of paid-up and called-up share capital plus the reserves required to be maintained by law and the Articles of Association. If preference shares have been issued, the dividend shall first be distributed on the preference shares from profit available for distribution. The preference dividend shall be a percentage of the amount paid up on the preference shares concerned, equal to the average monthly EURIBOR rate, weighted by the number of days it was in force, during the financial year to which the dividend relates, plus two percent. If in a given year the preference dividend is not paid in full or in part, no dividends shall be distributed in subsequent years until the shortfall has been recovered. Following the distribution of the preference dividend, the Executive Board shall, subject to the approval of the Supervisory Board, add as much as it deems necessary to reserves, up to a maximum of 60% of the profit for the year, subject to the approval of the General Meeting. Any profit not added to reserves is at the free disposal of the General Meeting to be reserved in part or in full, or payable in part or in full to holders of ordinary shares in proportion to the number of ordinary shares held. The General Meeting may, on the proposal of the Executive Board and subject to the approval of the Supervisory Board, resolve that the dividend on ordinary shares will be paid in full or in part in the form of ordinary shares. The Executive Board can declare interim dividends, subject to the approval of the Supervisory Board.

STICHTING CONTINUÏTEIT ICT

As per 31 December 2017 the board of directors of Stichting Continuïteit ICT consists of Mr. H.J.A. Knijff (chairman), Mr. J.C.M. Schönfeld, Mr. P.F. Plaizier and Mr. R. ter Haar.

INDEPENDENT AUDITOR'S REPORT

To: the general meeting and supervisory board of ICT Group N.V.

REPORT ON THE FINANCIAL STATEMENTS 2017

Our opinion

In our opinion:
- ICT Group N.V.'s consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2017 and of its result and cash flows for the year then ended 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;
- ICT Group N.V.'s company financial statements give a true and fair view of the financial position of the Company as at 31 December 2017 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2017 of ICT Group N.V., Barendrecht ('the Company').
The financial statements include the consolidated financial statements of ICT Group N.V. and its subsidiaries (together: 'the Group') and the company financial statements.
The consolidated financial statements comprise:
- the consolidated balance sheet as at 31 December 2017;
- the following statements for 2017: the consolidated statement of total comprehensive income, changes in equity and 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 2017;
- the company income statement for the year then ended;
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

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 ICT Group N.V. in accordance with the European Regulation on specific requirements regarding statutory audit of public interest entities, the 'Wet toezicht accountants¬organisaties' (Wta, 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 relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Our audit approach

Overview and context

ICT Group N.V. is an industrial technology solutions and service provider. ICT Group N.V. has a strategy of organic growth and growth through acquisitions. As a result, stakeholders have a primary focus on revenue. Furthermore, this strategy and the Company's business activities inherently lead to fluctuations in profit. This affected our determination of materiality as explained in the materiality section of this report.

The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

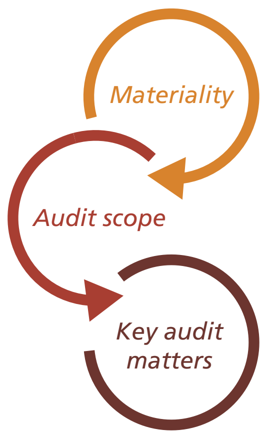
As part of designing our audit, we assessed the risks of material misstatement in the financial statements. In particular, we considered where the executive board made important judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph 5 of the financial statements the company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty.

ICT Group N.V. operates through projects for its clients with fixed price and/or 'time and material' arrangements.
For fixed price projects the Company used the percentage-of-completion method which requires the Company to estimate the cost to complete and the stage of completion at every reporting date. Given the level of judgement and the significance of the fixed price projects, we consider this to be a key audit matter as set out in the 'Key audit matters' section of this report.

As a result of the Company's strategy, significant amounts of goodwill and other intangible assets are carried on the balance sheet in connection with acquired businesses. We identified the impairment assessment of goodwill and intangible assets as key audit matter because of the significance of the balances involved and the fact that impairment assessment and calculations are subject to critical management judgement.

Other areas of focus, that were not considered to be key audit matters were the valuation of the accounts receivable balances, the upcoming implementation of IFRS 9, 15 and 16 and the related disclosures. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the executive board that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of an IT services provider. We therefore included specialists in the areas of IT and valuations in our team. The outline of our audit approach was as follows:



Materiality
- Overall materiality: €1,050,000.

Audit scope
- We conducted audit work in the Netherlands and Bulgaria.
- Site visits were conducted to Strypes EOOD in Bulgaria.
- Audit coverage: 88% of consolidated revenue, 91% of consolidated total assets and 78% of consolidated profit before tax.

Key audit matters
- Valuation of the revenue to be invoiced and measurement of fixed price projects.
- Impairment assessment of goodwill and intangible assets.

PwC's first year as auditor of ICT Group N.V.

After being appointed as the Company's auditors, we developed and executed a comprehensive transition plan. As part of this transition plan we carried out a process of understanding the strategy of the Company, its business, its internal control environment and IT systems.

We looked at where and how this all impacted the Company's financial statements and internal control framework. Additionally we reviewed the predecessor auditor's files and discussed the outcome thereof to confirm our understanding of the opening balances and internal controls within the Group. We attended closing meetings and audit committee meetings related to the 2016 audit.

Based on these procedures, we prepared our risk assessment and audit strategy and prepared our audit plan which has been discussed with the executive board and the audit committee.

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement, we determined certain 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 and on our opinion.

Materiality overview	
Overall group materiality	€1,050,000
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 1% of net revenues from continuing operations.
Rationale for benchmark applied	We determine materiality based on our analysis of the common information needs of users of the financial statements. As ICT Group N.V. is a listed entity, users of the financial statements will have a prominent focus on profit before tax. However, profit before tax is not considered an appropriate benchmark, because this will result in large fluctuations in overall group materiality year over year and is not considered to be representative for the level of activities of the Group. Therefore, we used net revenues from continuing operations as the primary benchmark, as revenue (growth) is an important metric for the financial performance of the Group.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between €240,000 and €1,048,000.

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

We agreed with the audit committee that we would report to them misstatements identified during our audit above €50,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

ICT Group N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of ICT Group N.V.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at the component level by the group engagement team and by each component auditor.

The group audit primarily focussed on the significant components:
- ICT Automatisering Nederland B.V., Barendrecht, the Netherlands.
- Strypes EOOD, Sophia, Bulgaria.

These two components were subjected to audits of their complete financial information as those components are individually financially significant to the Group. In order to obtain sufficient audit coverage on the relevant financial statement line items, we have performed audit procedures on specific account balances on the following non-significant components: Buro Medische Automatisering B.V., Improve Quality Services B.V. and Raster Industriële Automatisering B.V. In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	88%
Total assets	91%
Profit before tax	78%

None of the remaining components represented more than 3% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The group engagement team performed the audit work on ICT Automatisering Nederland B.V. and all non-significant components. For component Strypes EOOD we used component auditors who are familiar with the local laws and regulations to perform the audit work.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

The group engagement team visited Bulgaria during planning in which we met with local management and discussed the audit approach with the component auditor. In February 2018, we attended the clearance meeting and reviewed a numer of relevant work papers of the component auditor.

The group consolidation, financial statement disclosures and a number of complex items are audited by the group engagement team at the head office. These include the impairment assessment of goodwill and intangible assets and share based payments.

By performing the procedures above at the components, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

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. The key audit matters are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters. The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comments or observations we make on the results of our procedures should be read in this context.

Key audit matter	How our audit addressed the matter
Valuation of the revenue to be invoiced and measurement of fixed price projects	
Note 14 The revenue to be invoiced (including the work in progress balances) amounts to €9.9 million and represent 12% of the consolidated balance sheet total at 31 December 2017. The use of the percentage-of-completion method for revenue and profit recognition on fixed price projects requires the Company to estimate the services provided to date as a proportion of the total services to be provided as far as the progress to which services were provided at balance sheet date can be determined reliably and the project costs (primarily hours) needed to complete the project can be estimated reliably. When it is probable that total costs will exceed total project revenue, the expected loss is recognized immediately. Furthermore, the Company has revenue to be invoiced based on time and material costs spend on projects and secondment engagements. Valuation of revenue to be invoiced and the measurement of fixed price projects is significant to the financial statements based on the quantitative materiality and the degree of management judgement required for revenue recognition and determining the revenue to be invoiced. The complexity and judgements are mainly related to estimation of the cost to complete of the projects, expected revenues and the related percentage-of-completion which the Company applies for recognizing revenues as well as assessing provisions for projects and loss making contracts. Given the significant judgement involved there is an inherently increased risk of misstatement of revenues and project result on these projects. Therefore we considered this a key audit matter for our audit. Management has also considered this area to be a key accounting estimate as disclosed in the 'accounting estimates and management judgements' note (Note 5) to the consolidated financial statements.	We evaluated the process and internal controls (including the IT systems which support the accounting) within ICT Group N.V. relating to the valuation of the revenue to be invoiced and project revenue recognition. We tested the operational effectiveness of the internal controls such as the monthly detailed review of changes on the projects, analysis of available contract hours and recorded hours on projects (job time versus shop time), approval of recorded hours by the (project) manager and the assessment of missing or unprocessed hours. These controls provide audit evidence relating to the base on which the percentage of completion is determined and the estimated cost to complete are estimated. We determined that we could rely on these internal controls for the purpose of our audit. The internal controls over the assessment of the percentage-of-completion and the estimated cost to complete are informal and we were therefore not able to place reliance on these internal control procedures with respect to the measurement of the fixed price projects. As a result we performed additional substantive procedures in this area. To determine the quality of the estimates made by management we performed so-called look-back procedures or back testing, in which we assessed the outcome of prior years' estimates in current financial year. These procedures showed us that the outcome of the projects versus management's estimates fell within an acceptable range. This information was used in determining the rigour and depth of this year's audit. With respect to the valuation of the revenue to be invoiced and the measurement of fixed price projects, we tested the estimated cost to complete for all projects with a contract revenue of over €785,000 with a specific focus on projects having a percentage of completion between 25% - 80% as these are considered the projects with the most significant management estimates, and/or with revenue to be invoiced or a project in progress balance exceeding €785,000. We performed this test on the full project population. We have challenged the assumptions and estimates applied by management and obtained supporting evidence, such as project budgets and detailed planning. Furthermore, for a sample of projects, we verified the recorded revenue including overruns and scope changes with the supporting documentation (i.e. contracts). We found that the recorded revenue for the projects selected was adequately supported with available evidence. We have tested management's estimate with respect to loss making contracts and/or projects by testing the estimated cost to complete assumptions, discussing the root causes of the losses incurred and validating the cost base used in the loss-making contract. We have compared total estimated revenue with total estimated costs for all projects to assess the completeness of the list of loss making contracts and/or projects. We have not found material exceptions with respect to estimates relating to loss making contracts.

Impairment assessment of goodwill and other intangible assets	
Note 8 The goodwill and other intangible assets amount to respectively €22.3 million and €13.2 million and represent 43% of the consolidated balance sheet total at 31 December 2017. Goodwill is subject to an annual impairment test, intangible assets with no indefinite useful life only when triggers are identified. Management has not identified triggering events that would trigger an impairment test, hence no impairment assessment has been conducted regarding intangible assets. Impairments are recognised when the carrying value is higher than the recoverable amounts. The recoverable amounts of the cash-generating units (CGUs) have been determined based on value-in-use calculations based on expected future cash flows from those CGUs. The impairment assessment for goodwill prepared by management includes a variety of internal and external factors, which represents significant estimates that require the use of valuation models and a significant level of management judgement, particularly with respect to the assumptions related to the weighted average cost of capital and the growth rates. Due to the level of judgement combined with the magnitude of these assets, any change in the important assumptions, based on their sensitivity could have a significant effect on the financial statements. That is why we considered this area to be a key audit matter for our audit. The Company's goodwill is allocated to the CGUs ICT the Netherlands, Strypes Bulgaria, Raster Beheer, Buro Medische Automatisering and Improve Quality Services.	We evaluated and challenged the composition of management's future cash flow forecasts, and the process by which they were drawn up. In particular, we focused on whether they had identified all the relevant CGUs. We found that the executive board had followed their process for drawing up future cash flow forecasts, which was consistent with the supervisory board approved multi-annual plan. We compared the current year actual results with the FY17 figures included in the prior year forecast to consider whether any forecasts included assumptions that, with hindsight, had been optimistic. Actual performance in the CGU 'Raster' was found to be lower than what had been expected and therefore management has reflected actual FY17 revenue growth rates and operating margins in this year's model. We feel this judgement is appropriate given the past performance of Raster. For all CGUs we also challenged management's assumptions in forecasts for: - long-term growth rates, by comparing them to economic and industry forecasts; and - the discount rate, by assessing the cost of capital for the company and comparable organisations, as well as considering territory specific factors. We found the assumptions to be consistent and in line with our expectations. We challenged management on the adequacy of their sensitivity calculations over all their CGUs. We determined that the calculations were most sensitive to assumptions for revenue growth rates and discount rates. We also assessed the adequacy of the Company's disclosure Note 8 to the consolidated financial statements summarising those assumptions to which the outcome of the impairment test is most sensitive.

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 that consists of the financial highlights 2017, foreword of the CEO, strategy and value creation, shareholder information, financial calendar 2018 and 2019, members of the executive and supervisory board, report of the executive board, corporate governance, report of the supervisory board, interviews, appendices and the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below,
we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. 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.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The executive board is responsible for the preparation of the other information, including the directors' report and the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Our appointment

We were appointed as auditors of ICT Group N.V. on 10 May 2017 at the annual meeting held. This was our first year as auditor of ICT Group N.V.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided to the Company any prohibited non audit services as specified in article 5(1) of Regulation (EU) No 537/2014 and article 24b of the Wet toezicht accountantsorganisaties (Wta – Dutch law regarding supervision of audit firms).

Services rendered

The services, in addition to our audit, that we have provided to the company and its controlled entities, for the period to which our statutory audit relates, are disclosed in Note 32 to the financial statements.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the executive board and the supervisory board for the financial statements

The executive board 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 executive board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the executive board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the executive board should prepare the financial statements using the going-concern basis of accounting unless the executive board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The executive board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud, or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

Rotterdam, 1 March 2018

PricewaterhouseCoopers Accountants N.V.

Original has been signed by W.C. van Rooij RA

APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2017 OF ICT GROUP N.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. 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. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluding on the appropriateness of the executive board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

APPENDICES

- Five-year financial summary
- GRI index
- Our subsidiaries and participations

FIVE-YEAR FINANCIAL SUMMARY

	2017	2016	2015	2014	2013
Results (x € 1,000)					
Revenue	104,989	89,729	71,787	63,043	60,790
EBITDA	11,998	10,296	7,142	4,657	4,587
Amortisation / depreciation / impairment	3,559	2,924	1,824	1,502	3,739
Operating profit	8,439	7,372	5,318	3,155	848
Net profit (loss) [1), 2)]	5,226	5,006	3,551	4,934	(1,095)
Net cash flow from operating activities	7,914	5,058	6,122	3,805	4,669
Dividend	3,294	3,065	2,099	2,012	1,312
Assets (x € 1.000)					
Non-current assets	40,877	43,854	30,746	19,332	15,711
Current assets	40,698	35,296	27,482	30,100	30,771
Non-current liabilities	10,702	13,722	5,303	1,114	986
Current liabilities	23,212	21,719	17,428	14,345	15,167
Shareholders' equity (incl. minority share)	47,661	43,709	35,497	33,973	30,329
Total assets	81,575	79,150	58,228	49,432	46,482
Employees					
FTE as at 31 December	990	919	764	632	607
Average number of FTEs	966	836	711	618	602
Revenue per employee (* € 1,000)	109	107	101	102	101
EBITDA per employee (* € 1,000)	12	12	10	8	8
Operating profit per employee (* € 1,000)	9	9	7	5	1
Ratios					
EBITDA/revenue	11.4%	11.5%	9.9%	7.4%	7.5%
Operating profit/revenue	8.0%	8.2%	7.4%	5.0%	1.4%
Net profit (loss)/revenue [1), 2)]	5.0%	5.6%	4.9%	7.8%	-1.8%
Net profit (loss)/average shareholders' equity [1), 2)]	11.4%	12.6%	10.2%	15.3%	-3.5%
Current assets/current liabilities	1.75	1.63	1.58	2.10	2.03
Shareholders' equity/total assets	0.58	0.55	0.61	0.69	0.65
Per share of € 0.10 (nominal)					
Net profit (loss) [1), 2), 3)]	0.56	0.56	0.41	0.56	(0.13)
Net cash flow from operating activities [3)]	0.85	0.56	0.70	0.43	0.53
Dividend [4), 5)]	0.35	0.33	0.24	0.23	0.15
Shareholders' equity (excl. minority share) [4)]	4.98	4.66	4.06	3.87	3.45
Outstanding ordinary shares at year end	9,411,301	9,288,309	8,747,544	8,747,544	8,747,544
Average outstanding ordinary shares during the year	9,360,010	8,968,516	8,747,544	8,747,544	8,747,544

[1)] Represents the net profit (loss) attributable to the shareholders of ICT Group N.V.
[2)] In 2016 the net profit includes a one off deferred tax benefit of € 0.8 million and in 2014 € 5.6 million, related to the liquidation of ICT Software Engineering GmbH.
[3)] Based on the average number of issued shares.
[4)] Based on number of issued shares at year end.
[5)] For dividends related to 2017 and 2016 shareholders were offered the option: cash or shares.

GRI Index

GRI Standard Number	GRI content index	Chapter
Organisational profile		
GRI 102-1	Name of the organization	Profile
GRI 102-2	Activities, brands, products, and services	Profile
GRI 102-3	Location of headquarters	Profile
GRI 102-4	Location of operations	Consolidated financial statements
GRI 102-5	Ownership and legal form	Corporate Governance
GRI 102-6	Markets served	Strategy and value creation
GRI 102-7	Scale of the organization	Profile, Report of the Executive Board, Notes to the results and Consolidated financial statements
GRI 102-8	Information on employees and other workers	Report of the Executive Board, ICT an ambitious employer
GRI 102-9	Supply chain	Strategy and value creation
GRI 102-10	Significant changes to the organization and its supply chain	Strategy and value creation
GRI 102-12	External initiatives	Report of the Executive Board, Making the world a bit smarter
Strategy		
GRI 102-14	Statement from senior decision-maker	Foreword CEO, Report of the Executive Board, Supervisory Board
GRI 102-15	Key impacts, risks, and opportunities	Report of the Executive Board, Risk management and internal control
Ethics and integrity		
GRI 102-16	Values, principles, standards, and norms of behavior	Report of the Executive Board, ICT an ambitious employer
GRI 102-17	Mechanisms for advice and concerns about ethics	Report of the Executive Board, ICT an ambitious employer, corporate governance
Governance		
GRI 102-18	Governance structure	Corporate governance
GRI 102-19	Delegating authority	Corporate governance, Report of the Executive Board, ICT and ambitious employer, Supervisory Board report
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	Report of the Executive Board, Making the world a bit smarter
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	Strategy and value creation
GRI 102-22	Composition of the highest governance body and its committees	Members of the Executive and Supervisory Board
GRI 102-23	Chair of the highest governance body	Corporate governance
GRI 102-24	Nominating and selecting the highest governance body	Supervisory Board report and Corporate governance

GRI Standard Number	GRI content index	Chapter
GRI 102-25	Conflicts of interest	Corporate governance
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	Supervisory Board report and Corporate governance
GRI 102-27	Collective knowledge of highest governance body	Supervisory Board report
GRI 102-28	Evaluating the highest governance body's performance	Supervisory Board report
GRI 102-29	Identifying and managing economic, environmental, and social impacts	Strategy and value creation
GRI 102-30	Effectiveness of risk management processes	Report of the Executive Board, Risk management and internal control
GRI 102-31	Review of economic, environmental, and social topics	Strategy and value creation
GRI 102-32	Highest governance body's role in sustainability reporting	Report of the Executive Board, Making the world a bit smarter
GRI 102-33	Communicating critical concerns	Report of the Executive Board, Risk management and internal control
GRI 102-34	Nature and total number of critical concerns	Report of the Executive Board, Risk management and internal control
GRI 102-35	Remuneration policies	Supervisory Board report
GRI 102-36	Process for determining remuneration	Supervisory Board report
GRI 102-37	Stakeholders' involvement in remuneration	Corporate governance
GRI 102-38	Annual total compensation ratio	Supervisory Board report
Stakeholder engagement		
GRI 102-40	List of stakeholder groups	Strategy and value creation
GRI 102-41	Collective bargaining agreements	No employees within ICT Group are covered by Collective Bargaining Agreements
GRI 102-42	Identifying and selecting stakeholders	Strategy and value creation
GRI 102-43	Approach to stakeholder engagement	Strategy and value creation
GRI 102-44	Key topics and concerns raised	Strategy and value creation
Reporting practice		
GRI 102-45	Entities included in the consolidated financial statements	Consolidated financial statements
GRI 102-46	Defining report content and topic Boundaries	Strategy and value creation
GRI 102-47	List of material topics	Strategy and value creation
GRI 102-48	Restatements of information	There have been no restatements of information in 2017
GRI 102-49	Changes in reporting	Consolidated financial statements

GRI Standard Number	GRI content index	Chapter
GRI 102-50	Reporting period	Consolidated financial statements
GRI 102-51	Date of most recent report	First integrated report
GRI 102-52	Reporting cycle	Report of the Executive Board, Consolidated financial statements
GRI 102-53	Contact point for questions regarding the report	Our locations
GRI 102-55	GRI content index	GRI Index
Management approach		
GRI 103	Explanation of the material topic and its Boundary	Strategy and value creation
GRI 103	The management approach and its components	Strategy and value creation
GRI 103	Evaluation of the management approach	Strategy and value creation
Economic performance		
GRI 201-1	Direct economic value generated and distributed	Report of the Executive Board, Notes to the results and Consolidated financial statements
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Report of the Executive Board, Risk management and internal control
GRI 201-3	Defined benefit plan obligations and other retirement plans	Consolidated financial statements
GRI 201-4	Financial assistance received from government	No financial assistance was received
Anti-corruption and anti-competitive behavior		
GRI 205-1	Operations assessed for risks related to corruption	Report of the Executive Board, Risk management and internal control
GRI 205-2	Communication and training about anti-corruption policies and procedures	Report of the Executive Board, Making the world a bit smarter
GRI 205-3	Confirmed incidents of corruption and actions taken	Report of the Executive Board, Making the world a bit smarter
GRI 206	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Report of the Executive Board, Making the world a bit smarter
Energy consumption		
GRI 302-1	Energy consumption within the organization	Report of the Executive Board, Making the world a bit smarter
GRI 302-4	Reduction of energy consumption	Report of the Executive Board, Making the world a bit smarter
GRI 305-1	Direct (Scope 1) GHG emissions	Report of the Executive Board, Making the world a bit smarter
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Report of the Executive Board, Making the world a bit smarter
GRI 305-5	Reduction of GHG emissions	Report of the Executive Board, Making the world a bit smarter

GRI Standard Number	GRI content index	Chapter
GRI 307-1	Non-compliance with environmental laws and regulations	Report of the Executive Board, Making the world a bit smarter
People		
GRI 401-1	New employee hires and employee turnover	Report of the Executive Board, ICT an ambitious employer
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Report of the Executive Board, ICT an ambitious employer
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Report of the Executive Board, ICT an ambitious employer
GRI 404-1	Average hours of training per year per employee	Report of the Executive Board, ICT an ambitious employer
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Report of the Executive Board, ICT an ambitious employer
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Report of the Executive Board, ICT an ambitious employer
GRI 405-1	Diversity of governance bodies and employees	Report of the Executive Board, ICT an ambitious employer
GRI 405-2	Ratio of basic salary and remuneration of women to men	Report of the Executive Board, ICT an ambitious employer
GRI 406-1	Incidents of discrimination and corrective actions taken	Corporate governance
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	Corporate governance
GRI 412-2	Employee training on human rights policies or procedures	Corporate governance

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