THIS IS WHAT DRIVES US

Annual Report 2019

ICT GROUP

SMARTER CITIES

SMARTER INDUSTRIES

SMARTER HEALTHCARE

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COMPANY PROFILE

MAKING THE WORLD A LITTLE SMARTER EVERY DAY

ICT Group N.V. is a leading European industrial technology solutions services provider. Our dedicated technical professionals offer our clients services in the field of consultancy, software development, project-based solutions and IT system maintenance. It is our mission to make the world a little smarter every day.

Our specialist knowledge in a variety of industries enables us to realise innovative solutions by linking people, technologies and ideas. With around 1,500 dedicated technical specialists in the field, we are capable of building and integrating new and innovative technologies into relevant business solutions for our customers.

With our Smarter Industries solutions we serve the automotive, manufacturing, high-tech, food, chemical & pharma, oil & gas and logistics industries.

Our solutions in Smarter Cities are focused on water, rail and road infrastructure as well as public transport and mobility. Within Smarter Healthcare we provide solutions in the domains of medical data exchange, radiotherapy and obstetrics. Furthermore, ICT Group delivers its own cloud-based software for IoT, digital transformation and artificial intelligence.

ICT Group N.V. operates in the Netherlands, Bulgaria, Sweden, Belgium and Germany.

HIGHLIGHTS 2019

REVENUE	NET PROFIT	EBITDA PRE-IFRS 16	EBITDA PRE-IFRS 16 MARGIN
155.5 million	2.6 million	11.7 million	7.5%
↑ 20% 2018	↓ 72% 2018	↓ 13% 2018	↓ 290 bps 2018

EARNINGS PER SHARE	DIVIDEND PER SHARE	FTES 31 DECEMBER	REVENUE PER FTE
€ 0.27	€ 0.30	1,413	€ 115,505
↓ 73% 2018	↓ 21% 2018	↑ 15% 2018	↑ 1% 2018

FINANCIAL HIGHLIGHTS 2019

(in millions in €)	2019	2018
Revenue	**155.5**	**129.9**
Added value (Revenue minus cost of materials and subcontractors)	128.9	114.2
EBITDA Pre-IFRS 16 [1) 6)]	11.7	13.5
EBITDA Post-IFRS 16 [1)]	16.5	n/a
Amortisation / depreciation [1)]	11.6	5.0
Operating profit	4.9	8.5
Result before taxes	3.7	11.6
Income tax expense	(1.0)	(2.1)
Net profit [2)]	2.7	9.5
Non-controlling interests	(0.1)	(0.1)
Net profit attributable to the shareholders of ICT Group N.V. [2)]	2.6	9.4
Net cash flow from operating activities	14.4	11.1
Personnel		
Headcount as at 31 December	1,468	1,274
FTE as at 31 December	1,413	1,227
Average number of FTEs	1,346	1,134
Consolidated balance sheet information		
Shareholders’ equity	54.5	54.2
Total equity and liabilities	124.4	95.6

(in millions in €)	2019	2018
Ratios		
EBITDA Pre-IFRS 16 / revenue [1)]	7.5%	10.4%
EBITDA Post-IFRS 16 / revenue [1)]	10.6%	n.a.
Net profit [2)] / revenue	1.7%	7.2%
Net profit [2)] / average shareholders' equity	4.8%	19.2%
Solvency (Shareholders' equity / total assets)	43.8%	56.7%
Information per share of a nominal value of 0.10 (in €)		
Net profit [3)]	0.27	0.99
Shareholders' equity [4)]	5.70	5.73
Dividend [4) 5)]	0.30	0.38

1) IFRS 16 ‘Leases’ is effective as of 1 January 2019. Under this new IFRS 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 recognised. Consequently, IFRS 16 leads to a shift from operating lease costs to depreciation, amortisation and interest expenses and financial expenses. In 2019 IFRS 16 had an effect of € 4.8 million on EBITDA and an equal and opposite impact on depreciation, amortisation and interest expenses.
2) In 2019 the net profit includes one-off accounting gain of € 0.7 million related to the revaluation of ICT’s stake in GreenFlux. In 2018 the net profit includes one-off accounting gains of € 4.1 million related to the acquisition of the remaining 50% stake in InTraffic (€ 3.5 million) and the revaluation of ICT’s stake in GreenFlux (€ 0.6 million).
3) Based on the average number of issued shares.
4) Based on number of issued shares at year end.
5) Shareholders will be offered the option: cash or shares.
6) EBITDA means Earnings Before Interest, Tax, Depreciation and Amortisation.

MESSAGE FROM THE CEO

New technology is emerging more and more rapidly. ICT Group is increasingly – and often at an earlier stage – involved in clients processes that call for innovative solutions, solutions that contribute to a more sustainable world.

As a leading provider of technological solutions we are proud to employ people with a passion for technology and innovation. So it comes as no surprise that our motto is 'making the world a little smarter every day.'

International expansion

In 2019 we really put ICT Group on the map as a global player, with highlights including the acquisition of Additude in Sweden and notable expansion in Bulgaria. Additude is a welcome addition to the ICT family with its rapid growth and a corporate culture that is a great fit with ICT. A culture revolving around people who give each other room and respect and who speak a universal language: the language of technology. ‘Employees first, customers second’ is a principle that Additude, ICT and I personally subscribe to. It is a precondition for success. Employees who feel at home perform better, are more loyal and create more value for our customers.

Challenging year

This past year got off to a good start with strong revenue growth, both organically, particularly in the high-tech and automotive industries, and as a result of acquisitions. In the summer months we were confronted with the abrupt termination of several projects, resulting in a considerable drop in productivity. We took immediate measures and increased the focus and efforts of the team.

Sustainable investment

In 2019 we invested more in issues facing society. I personally welcome this change and am eager to pursue it with management. It is a development that is truly supported throughout the entire organisation. This is reflected not only in the nature of the projects we take on but also in the new customers we welcome. The TURNN proposition for smart mobility and our water infrastructure projects focused on the most sustainable use of tunnels and locks are great examples of this.

Proprietary IP

Our proprietary OrangeNXT software solutions are showing great innovative developments in the field of Software as a Service (SaaS). The pace of customer acquisition is truly impressive. And MOTAR, our low-coding solution that is keying into robotisation in the field of Operational Technology (OT), has been successfully taken into production by ASML.

ICT in 2020

We are on track to achieve the desired revenue split between secondment, projects and proprietary IP, thus creating a more robust business model. The transition from a capacity-driven organisational model to a knowledge-driven model requires investment. We will continue to pursue this transition. At the same time margin recovery is our highest priority and we have already taken the necessary steps and will continue to do so, for example by integrating our smaller entities into larger business units. This will enable us to further roll out the ‘one way of working’ principle within the group and improve efficiency. And we will continue to globalise by expanding OrangeNXT and Additude to other countries. In addition, more of our solutions will be built in our nearshoring facilities in Bulgaria.

Looking further ahead, I see that the robotisation of our field is accompanied by a change in the buying behaviour of our customers. In the future current demand for custom-made solutions will increasingly shift to off-the-shelf (standard) solutions. This development is already clearly visible in IT and is set to follow in OT in the coming years. ICT is actively responding to this development, for example with the development of MOTAR.

Our people

As CEO I am extremely proud that every employee keeps our organisation focused and goes the extra mile to help provide our customers with innovative solutions – time and time again. This is what makes us unique. I am incredibly grateful to our people for their knowledge, commitment and motivation this past year. Thanks to their contribution we have been able to take the next step in the growth and development of ICT Group.

Jos Blejie
CEO ICT GROUP

SHAREHOLDER INFORMATION

General

ICT Group N.V. (ICT) is listed on the official market of Euronext Amsterdam (ICT.AS) since 1997. The nominal value per share amounts to € 0.10. On 31 December 2019, the number of issued ordinary ICT Group N.V. shares amounted to 9,565,010 (2018: 9,463,878)

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 held a holding of 3% or more in ICT at 31 December 2019.

Shareholders	participation in %	Date of last report
Teslin Participaties Coöperatief U.A.	15.05	24-7-2018
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
P.C. Van Leeuwen	5.04	21-9-2018
Decico B.V.	5.01	1-11-2006
A.J.H. Quellhorst	4.25	3-10-2017
Lazard Frères Gestion SAS	3.53	16-4-2014

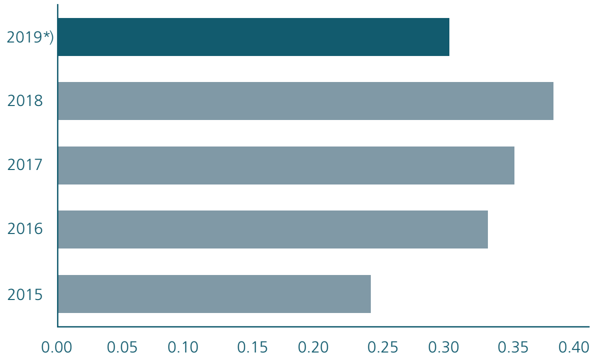
The share in 2019	2019	2018	2017	2016	2015
Highest share price	14.95	17.05	14.30	10.86	8.80
Lowest share price	10.00	10.00	9.92	7.50	5.74
Share price as at 31 December	11.40	10.45	13.48	10.25	8.40
Dividend as % of the share price as at 31 December *)	2.63	3.64	2.60	3.22	2.86
Price / earnings ratio (end financial year)	42.22	10.56	24.07	18.30	20.49
Market capitalization as at 31 December (x € 1 million)	109.0	98.9	126.9	95.2	73.5

*) 2019: 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 calendar 2020

28 February 2020	Publication annual results 2019
22 April 2020	Trading update first quarter 2020
13 May 2020	General Meeting
19 August 2020	Publication of first half year results 2020 and analyst meeting
28 October 2020	Trading update third quarter

Financial calendar 2021

5 March 2021	Publication annual results 2020
28 April 2021	Trading update first quarter 2021
12 May 2021	General Meeting
18 August 2021	Publication of first half year results 2021 and analyst meeting
3 November 2021	Trading update third quarter

MAKING THE WORLD A LITTLE SMARTER EVERY DAY

The world around us is changing fast and digital transformation significantly impacts the way we live and do business. It offers huge potential to make the world smarter while contributing to a more sustainable future. ICT is committed to playing its part in making the world a little smarter every day.

With a track record spanning more than 40 years, ICT has both extensive multi-domain expertise and in-depth industry knowledge. Integrating these strengths into compelling technological solutions puts ICT in a unique position to help its customers make their business processes more efficient, flexible, simple, safe and – as a result – more sustainable.

ICT provides software solutions developed in-house across every industry it serves. These proprietary solutions are bundled within OrangeNXT and enable our customers to benefit from the advantages of digital transformation. Expanding these software solutions calls for an entrepreneurial mindset with a shift from responding to customer demand to creating it.

ICT has clearly identified the areas in which its range of expertise has the highest impact and where the solutions it offers provide the highest added value for customers. This focus enables us to further enhance our technological expertise and innovative capabilities on our focus areas.

Smarter Industries

ICT provides embedded solutions for its customers. We help our customers bring their new machine, robot or car to market. At the same time ICT contributes to the creation of intelligent manufacturing technology solutions, supporting the digital transformation and ongoing industrial robotisation. This allows for a more efficient use of natural resources, resulting in a reduction in waste and an increase in the sustainable and economic use of natural resources.

We provide innovative integrated solutions that connect all the links in the chain, ensuring proper communication between the different components. These solutions include intelligent sensors, machine-to-machine communication, advanced process control, robotisation, manufacturing execution and intelligence, and big data analytics. As a thought leader, ICT combines its ability to connect industry parties with the scale and scope needed for sustainable and future-proof innovation.

Smarter Cities

ICT is an important contributor to the development of smarter cities. Improving the quality and performance of urban services is a necessity because of ongoing urbanisation and goes hand in hand with reducing resources and costs. ICT's solutions enable cities to deal with the complexity of population growth. Cities face increasing challenges in the field 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 inter-acting in real time.

ICT plays a role in the design, operation and maintenance of capital-intensive assets. We help our customers, mostly municipalities, to manage these assets in a sustainable way. Another focus area for ICT within smarter cities is Mobility as a Service (MaaS), i.e. data-driven mobility solutions that meet individual needs through smart devices. MaaS is all about sustainable mobility, it aims to improve the traffic generated by both increasing numbers of people and goods in a more sufficient way: faster, cleaner and less expensive than current methods.

Smarter Health

To further increase the quality and efficiency throughout the health sector, ICT has developed software solutions that enhance the exchange of data, enable synoptic reporting and faster and more qualitative diagnosis. These solutions, for example in the field of pregnancy monitoring, not only reduce costs but also increase comfort and safety for patients and leverage the available medical resources.

HOW WE EXECUTE OUR STRATEGY

Linking people, technology and ideas

ICT's success is intrinsically linked to its people. Our people make the difference in delivering value to our customers. The ability to attract and retain the right professionals is a key driver of growth. We strive to be an employer of choice by nourishing a culture of entrepreneurship and being a front runner in cutting-edge technology. We challenge and motivate our people to perform to the very best of their ability and seize the opportunities the group provides. ICT has defined corporate values that embody ICT's identity as an employer. Entrepreneurship, freedom to act, dedication to customers, expertise, innovation and business knowledge combined with an awareness of technological challenges are all part of the ICT identity. In the past few years there have been quite a few new entrants to the Group. To make sure the corporate values remain valid for our growing number of people, ICT is in the process of recalibrating its corporate values.

Buy and build

ICT's growth strategy is geared towards being a leading European technology solutions provider in defined markets. ICT pursues growth opportunities both organically and through acquisitions for the purpose of expanding its current distinctive niche position. Acquisitions play an integral part in increasing scale and enhancing knowledge in specific areas. 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. International expansion, with a focus on Northern Europe, is an important element in ICT's growth strategy.

Nearshoring

ICT combines its focus on specific domains with its valuable experience in multiple industries. This focus enables us to gain the scale we need to fuel our research & development activities and be at the forefront of technological developments at all times. To address the growing demand of our customers for proven and affordable solutions, we are accelerating our nearshoring offerings in Bulgaria. These nearshoring capabilities provide an efficient execution platform for our project-based business.

Intensifying partnerships

It is ICT's aim to help its customers get smarter every day with every product, process or application. To deliver on this ICT needs to thoroughly understand its customers and collaborate intensively with them on numerous levels. Partnering is essential to adapt and respond quickly to the rapidly changing environment. We work together with customers and business partners, both reputable, globally operating corporations and lean start-ups embracing leading-edge technologies. Strong partnerships with a large number of universities and colleges are also key to ensuring that ICT retains a high level of knowledge within the company.

Longer Term Financial Objectives

Based on its strategic roadmap ICT has defined the following objectives for 2022:

- to increase the company's annual revenue to around € 200-230 million in 2022 through organic growth of more than 5% and through acquisitions; and
- to maintain a profitability margin (EBITDA) of between 13 and 15% (which equals between 10 and 12% pre-IFRS).

STRATEGIC EXECUTION IN 2019 AND FOCUS IN 2020

Progress in 2019

Further focus

In 2019 ICT refined its proposition by further focussing on areas where the company can truly make a difference for its customers. ICT excels in technological solutions in Engineering R&D and Industrial Automation, sustainable mobility, infrastructure and healthcare. Our Software as a Service solutions (OrangeNXT) are also offered across these markets, as are our nearshoring offerings.

International expansion

The acquisition of Addittude in Sweden early 2019 was an important step in the international expansion of the company. In line with its strategic direction, ICT expects Additude to become the platform for the Northern European market, offering high-profile industrial technology consulting services.

Strong growth in software solutions

ICT's offering of proprietary software solutions showed very strong growth in the past year. Numerous new customers and new and improved solutions contribute to this growth. OrangeNXT welcomed HelloFresh, an innovative player in the meal-kit market, as large new customer of the MobileNXT SaaS platform. The platform enables HelloFresh to manage its expanding supply chains efficiently and reduce costs while optimising the consumer experience.

Accelerating nearshoring

To further enlarge its nearshoring position in Bulgaria ICT acquired two start-up companies in 2019, Kodar and Up2. Kodar closely collaborates with the University of Plovdiv, which increases ICT's access to technical talents in the second largest city of Bulgaria. With Up2 ICT gains access to talents in the world of app development. At the end of 2019 the Group employs over 250 professionals in Bulgaria.

Mobility as a Service

Demand for sustainable mobility is growing at a fast pace. In its quest to increase sustainable mobility, ICT took important steps towards strengthening its offering in the field of MaaS. With the acquisition of BNV Mobility in March, ICT significantly increased its position in the mobility market. BNV Mobility is one of the leading smart mobility services firms in the Netherlands with a MaaS software solution. ICT will continue to invest in the enhancement and expansion of the MaaS system developed by BNV. At the end of 2019 BNV's activities were fully integrated into InTraffic's MaaS activities to enable more efficient and decisive operations.

Focus in 2020

ICT's growth path is defined by its Strategic Roadmap for 2022 which is focused on realising growth, both organic and through add-on acquisitions.

In 2020 we aim to further strengthen our position both in the industries we service and in the geographies in which we operate. ICT aims to expand its international operations. The company will also continue to fuel the growth of own IP solutions, such as OrangeNXT.

At the same time we aim to optimise the business processes throughout the whole Group by striving to achieve one way of working. Reducing complexity within our organisation through further integration and centralisation will help increase effectiveness and efficiency.

Given the developments in the second half of 2019 the main focus for 2020 will be on improved productivity, while simultaneously driving the ICT objective of transforming the company into a total solutions provider. For the longer term we remain fully committed to achieving our 2022 objectives.

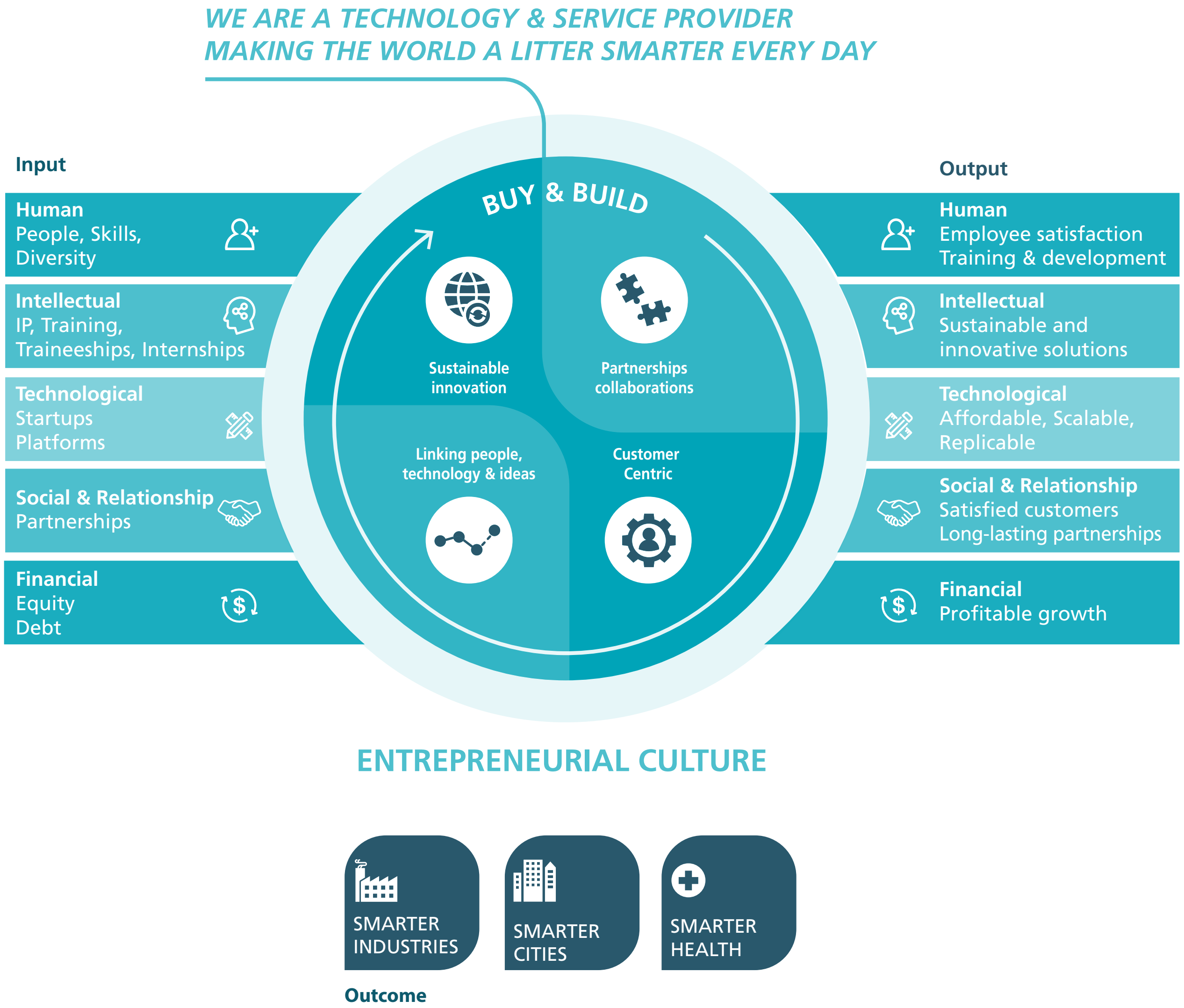
VALUE CREATION MODEL

Creating value

ICT aims to make the world a little smarter every day. ICT does so by providing technological solutions and services that make processes more efficient, simpler, safer, more sustainable and above all more connected.

ICT creates value by linking people, technology and ideas through customer-centric, innovative solutions and strong and sustainable partnerships and collaborations.

ICT's long-term value creation model



STAKEHOLDER DIALOGUE

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

We are in regular dialogue with our stakeholders. Their relevance to ICT and the type of dialogue differs for each stakeholder group. The following table provides an overview of our stakeholders and their expectations, the intended outcome of dialogue and how we engage with our stakeholders. The Executive Board is actively involved in stakeholder dialogue and regularly discusses key aspects of our strategy and mutual expectations.

Stakeholder engagement has always been part of the way ICT does business because successful partnerships are vital to the execution of the company's strategy. In 2019 we further structured our stakeholder dialogue and organised discussions with representatives of several of our most important stakeholder groups, including our employees, shareholders and customers. In these discussions we re-evaluated the main expectations of our stakeholders and their assessment of material topics, as well as their relevance and weighting. This face-to-face dialogue is in addition to the annual employee and customer satisfaction surveys and regular (one-on-one) meetings with our shareholders.

In 2019 discussions were held with employees across the organisation, from professionals to (indirect) staff. In addition the Executive Board held one-on-one meetings with a number of shareholders to discuss their expectations. Discussions were also held with a number of customers and business partners. Using the input from this dialogue we re-evaluated our stakeholder matrix and our materiality matrix. There were no changes to the material topics but we did make adjustments to their position in the materiality matrix.

Stakeholder	Relevance to ICT	Main expectations	Intended result of dialogue	How we engage
Employees	Employees are crucial to how we create value and are essential for our intellectual capital	• Good employer • Good terms of employment • Challenging projects and development opportunities • Pleasant workspace • Training programmes to increase knowledge	• Entrepreneurial culture • Company pride • Satisfied employees • Increased employee engagement • Talent recruitment and retention • Ongoing talent development	• Day-to-day contact • Employee satisfaction surveys • Town hall meetings • Initiatives including the Council of 20 and Dragons' Den
Students	As the quest for talent continues, it is crucial to engage with potential candidates	• Challenging, high-quality internships and graduate assessments • Good supervision and mentoring by ICT professionals • Potential career opportunities	• Attract new talents • Increase attractiveness of tech profession	• Information days • Internships • Hackathons, datathons and other events
Customers	Customers who buy our solutions and services allow us to be a partner in their critical business processes	• Quality • Commitment and proactiveness • Innovative solutions that meet their demands • Sustainable solutions that add value to their business	• Customer loyalty • Customer satisfaction • ICT established as a trusted partner • Ability to translate customer needs into the right solutions	• Day-to-day contact • Customer satisfaction surveys • Routine feedback procedures • Participation in trade shows • Workshops and training
Business partners	Partnerships play a key role in our innovative capabilities	• Long-term relationship • Trust	• Long-lasting partnerships • Synergies	• Day-to-day contact • Workshops and training • Co-creation
Investors	Ensure the equity capital needed to do business and execute our strategy Engaged shareholder base Support for the long-term strategy	• Return on investment • Long-term value creation • Transparent disclosure • Good risk management framework • Sustainable business model • Good corporate governance	• Build trust • Manage expectations • Fair cost of capital	• Website and annual reports • AGM • Roadshows / Capital Markets Day • Results announcements and one-on-one meetings • Regular market feedback surveys
Credit institutions	Ensure the debt capital needed to do business and execute our strategy	• Transparent disclosure • Financial prudence	• Build trust • Manage expectations • Fair cost of capital	• Results announcements and meetings
Suppliers	Procurement of products and services for our operations	• Long-term relationship • Fair price	• Supplier loyalty • Innovative and sustainable goods	• Day-to-day contact • Technical visits and meetings
Universities	Knowledge sharing and talent pool	• Knowledge • Good educational capabilities • The right internships / assignments for students	• Knowledge sharing, tapping into fundamental research • Attract new talent • Promote tech profession • Promote diversity within technical studies	• Website • Career Information Days • Seminars, hackathons and other events
Regulatory and industry bodies	ICT is subject to certain laws and legislation Industry and regulatory bodies can act as initiator, facilitator and accelerator for new sustainable solutions	• Compliance with regulations • Adherence to standards • Act as a responsible company • Good corporate governance	• Be compliant with laws and regulations • Continuous dialogue and being consulted on relevant new regulations and other matters	• Annual reports and website • Reporting and surveys • Audits • Specific meetings

MATERIALITY MATRIX AND KPIs

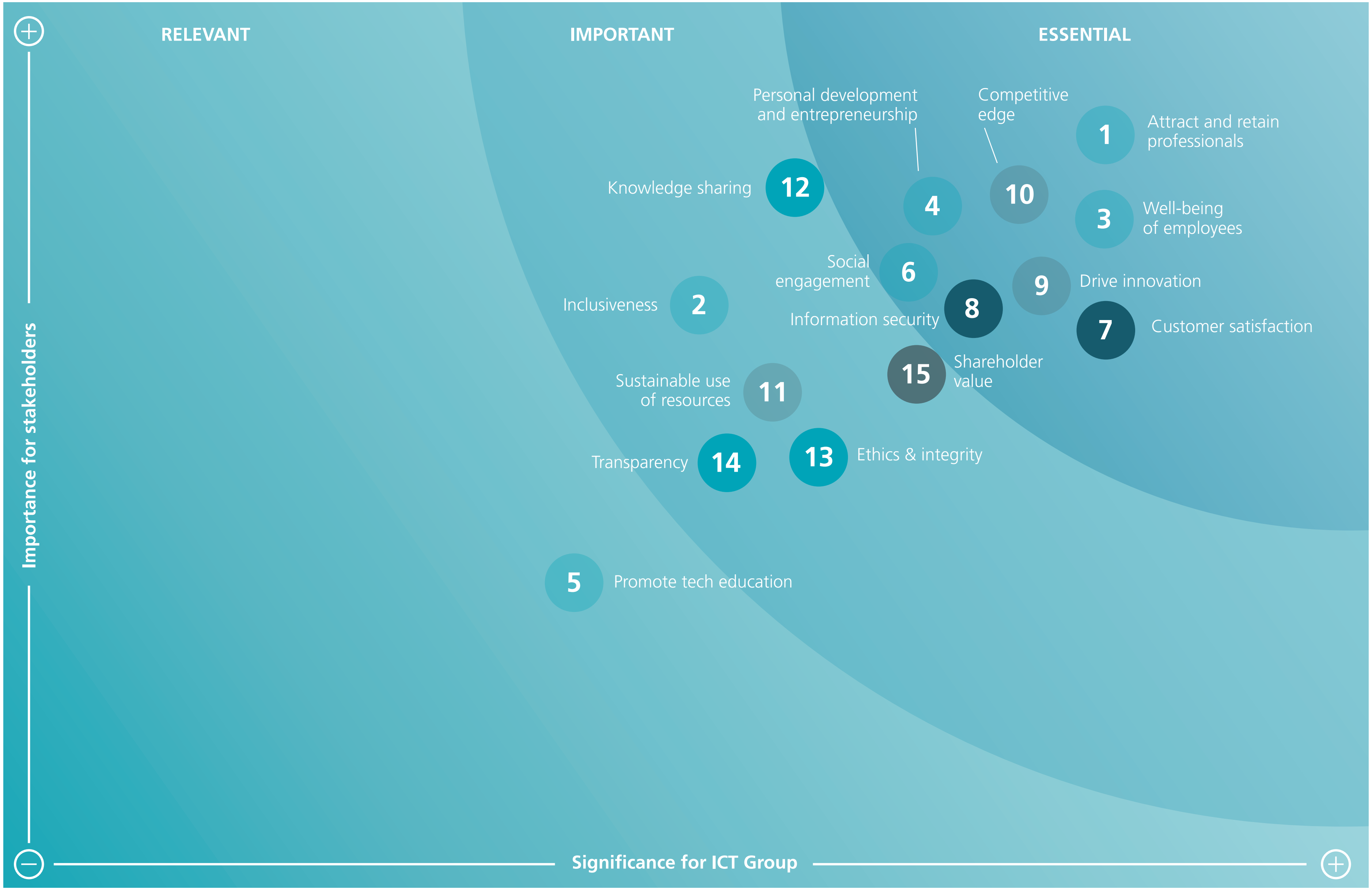
We have identified the material topics for ICT based on input from both our internal and external stakeholders. The materiality matrix plots these topics against our strategy to assess which topics can be considered most important to our stakeholders and to ICT.

During the stakeholder dialogues in the year under review, input on some topics indicated a change in relevance to our stakeholders and/or ICT. The necessary shifts have been taken into account in the matrix below.

The Executive Board together with the Supervisory Board review these defined significant economic, environmental and social topics and their potential impact and risk on an annual basis.

We have linked the material topics to our strategy and the risks associated with these material topics. For each material topic we have defined policies and/or measures and KPIs. In some cases the KPIs are by definition qualitative, but we have quantified the KPIs and defined targets if and when possible. These can be found in the connectivity table on the following page, which also includes a reference to where additional disclosures regarding these topics are published in this report. The related links are also included in the table.

Materiality matrix



CONNECTIVITY MATRIX

Strategic message	Strategic pillars	Risks
Be an employer of choice and ensure that employees are equipped with the knowledge required to remain the partner of choice for its customers	Linking people technology and ideas 1 2 3 4 5 6	Shortage of qualified staff Incremental costs to attract highly talented people Unsuccessful integration of acquisitions
ICT aims to help its customers to get a little smarter every day in every product, process and application	Customer centric 7 8	Inadequate project control Dependence on large clients Unauthorized access to ICT systems Unauthorized access to customers' systems Data breach
Create affordable, scalable and replicable solutions	Sustainable innovation 9 10 11	Speed of technological developments New business models New business developments / start-ups
Strong long lasting partnerships	Partnership & collaboration 12 13 14	Multidimensional relationships New business models New business developments / start-ups Fraud and corruption Failure to comply with legislation
Profitable growth	Transcending strategy 15	Sensitivity to economic cycles Dependence on large clients Inadequate project control Unsuccessful integration of acquisitions

Material topics	KPIs	Strategic target	Results 2019	Results 2018	Page
1 Attract and retain highly skilled and dedicated professionals	a. Retention rate in %	85% and above the sector-wide average	84%	86%	38
2 Inclusiveness: offering opportunities for all talents	a. % Female FTE vs. total FTE	Continuous improvement of gender diversity	14.1%	11.4%	40
3 Sustain and nurture well-being of employees	a. Employee satisfaction	At least 7.0	7.3	7.3	38
	b. Absenteeism in %	Maximal 3.0% absenteeism	2.4%	2.6%	39
	c. Health & Safety incidents reported	0 incidents	0	0	39
4 Provide opportunities for employees for personal development, training & education and entrepreneurial career paths	# Hours spent on training		28,324	25,751	40
	# Hours education on average per FTE	At least 25 hours training per FTE	22	23	40
5 Promote technology driven professions for students & young professionals	# Internships and assignments offered to students		54	45	42
6 Contribution social engagement, contribution employees to engage in meaningful initiatives	# Amounts in €		27,250	25,000	46
7 Optimize customer satisfaction	Customer satisfaction	At least 7.0	7.7	8.0	25
8 Safeguard information security and data privacy in provided solutions	# Certifications obtained		14	14	53
9 Develop innovative solutions for customers, driving digitalization	% R&D innovation spent as % of added value revenues	Around 1.5%	2.0%	1.4%	42
10 Maintain competitive edge	% R&D innovation spent as % of added value revenues	Around 1.5%	2.0%	1.4%	42
11 Promote sustainable, economic use of natural resources	CO_2 reduction in % per FTE	2% decrease in CO_2 tonnes per FTE on a yearly basis	16%	6%	45
12 Stimulate knowledge sharing between professionals, business units and ICT's stakeholders	a. # Partnerships/collaborations with universities and colleges	-	13	13	12
	b. ICT involvement in events for customers		66	55	40
13 Maintain high standards of ethics & business integrity	# Incidents reported with regard to ethics / business principles	0 incidents	0	0	46
14 Conduct business in a transparent manner	# Compliance violations	0 incidents	0	0	46
15 Create shareholder value	a. Dividend pay-out in € per share		€ 0.30	€ 0.38	29
	b. EBITDA Post-IFRS 16 / revenue in %	Between 13% and 15% (pre-IFRS 16 10% and 12%)	10.6%	n.a.	4 / 27
	c. Revenue growth in %		19.7%	23.7%	26

MEMBERS OF THE EXECUTIVE BOARD

Name
Mr. J.H. Blejie (1959)
Nationality
Dutch
Position
CEO and Chairman of the Executive Board
Ancillary positions
Member of the Supervisory Board of Greenflux B.V.

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


Mr. J.H. Bleije (CEO) and Mr. W.J. Wienbelt (CFO)

REPORT OF THE EXECUTIVE BOARD

The 2019 financial year turned out to be a tale of two very different halves. The first half of the year was very good for ICT while the second half turned out to be quite challenging. During the summer we were surprised by adverse developments at a number of our customers which translated into a significant drop in productivity at ICT from the third quarter onwards. Our revenue for the full year increased by 20%; 3% organic growth, and an EBITDA margin of 10.6%.

OPERATIONAL REVIEW

As a leading specialist in digital transformation ICT focuses on Smarter Cities, Smarter Industries and Smarter Healthcare. Digitising and converting data into operational business information is part of our DNA.

True international player

By expanding our business in Bulgaria and the acquisition of Additude in Sweden, among other things, we truly became an international player in the year under review. As a fast-growing company with a culture that is complementary to that of ICT, Additude is a welcome addition to the ICT family. Additude provides market-leading services within industrial innovation processes, project engagements and consultancy. Its customers include many of Sweden's largest and technology-intensive companies. Additude's software and engineering consultancy services generate around € 15 million in annual revenue. This acquisition is a perfect fit with ICT's international expansion strategy in which the Northern European countries are defined as an important spearhead.

In 2019 we have put more focus in our investment initiatives, with a specific aim at Mobility as a Service and the OrangeNXT solutions. It was also a year in which we made significant progress enhancing the social relevance of future projects. ICT contributes to inspiring projects that support initiatives aimed at creating a better world. One of these initiatives is a water purification system based on a bacteriological process that provides a 40% energy saving compared to traditional water purification systems. Also, in water management in cities and other residential areas ICT's solutions contribute to a more sustainable world.

An example is our solution for the Delfland water board in the Netherlands. The water board controls water management, seeing to it that pumping stations and dams either pump away water during heavy rainfall or allow extra water in during periods of drought. ICT developed new, automated control units to further optimise surface water management.

Mobility as a Service

Mobility-as-a-Service (MaaS) platforms have the potential to change the way people travel and to a certain extent the ownership structure of vehicles. MaaS seeks to make transportation cleaner, faster and more comfortable while allowing users to plan, book and pay for door-to-door travel solutions using a single app.

To improve its position in this market, in March 2019 ICT acquired BNV Mobility, one of the leading smart mobility services firms in the Netherlands. During the remainder of the year ICT further developed the software into a new, commercially viable platform: TURNN. ICT and its partners are convinced that MaaS will become a real alternative for travelling by private transport. A crucial factor in this transition is high-quality service that connects all elements within the chain – bus, train, (shared) car, (shared) bicycle and taxi, seamlessly supporting the entire journey. For ICT providing solutions based on MaaS is about providing a smooth experience based on the traveller's individual needs using all mobility means available based on real-time information. This increases the ease of travelling while reducing the environmental impact and costs. At the end of 2019 TURNN was involved in several MaaS pilots in Groningen, Drenthe, Limburg and the Eindhoven area.

In November ICT acquired Proficium, a fast-growing company that delivers consultancy and secondment services in the public infrastructure market. This acquisition will enable ICT to further strengthen its position in engineering and consultancy in Smarter Cities. Proficium will be integrated into NedMobiel.

OrangeNXT

OrangeNXT offers ready to use Software as a Service (SaaS) and provides our clients with a plug-and-play cloud platform that connects people, devices and data while simplifying processes. In 2019 OrangeNTX was involved in developing MobileNXT, a platform that provides field staff with a pocket-sized office. OrangeNXT welcomed HelloFresh, an innovative player in the meal-kit market, as a large new customer on the MobileNXT SaaS platform. The platform provides optimised routes for drivers, thus reducing no-shows, driving times and costs. Real-time customer messaging on the app also increases customer satisfaction.

Motar

Motar, a low-coding solution that responds to the robotisation of Operational Technology (OT), enables engineers without programming skills to create software. It facilitates quick and flexible model-based development at lower costs. Motar has been taken into production successfully by ASML.

Smarter Healthcare

In June ICT purchased the remaining 49% of the shares in BMA, as was agreed at the time of the initial acquisition. In the course of the year the various healthcare activities within ICT were integrated into one Healthcare Technology Solutions unit.

Nearshoring

In 2019 ICT acquired two start-ups to further expand its nearshoring position in Bulgaria: Kodar and Up2. Kodar collaborates closely with the University of Plovdiv, increasing ICT's access to technical talents in the second-largest city in Bulgaria. Up2 provides ICT with access to talents in the world of app development.

Internal organisation

To create an optimum foundation for further internationalisation and sustainable growth at ICT, we continued to implement one way of working throughout the entire group this past year. Further integration and centralisation reduces complexity within our organisation, thereby increasing effectiveness and efficiency. To support this we have introduced a Group Steering Committee with responsibilities in line with the new breakdown into segments. Since 1 January 2019 the activities in the Netherlands are segmented based on end-markets: Engineering R&D, Industrial Automation, Infra & Mobility and Healthcare Technology Solutions. Bulgaria and Sweden are separate segments. The other entities, including Improve and OrangeNXT, are part of the 'Other' segment.

Technology Advisory Council

We introduced a Technology Advisory Council. This is a group of highly experienced technological experts who support management in both determining and executing ICT's strategy. The council also advises on new technologies and the development of new propositions.

MARKET PROSPECTS

New digital technologies are rapidly emerging worldwide. Data leads the way to new opportunities in both the B2B and B2C markets. This is reflected in its ability to optimise the use of resources and infrastructure. Data also leads to new insights, new products and new services. Robotisation plays an important role in this as machines and devices become increasingly intelligent and independent. Established brands are no longer in the lead when defining a new product as consumers can directly and indirectly influence the development and future of the business.

With prediction techniques already in place for local processes in industrial automation, traffic control and smart mobility, ICT will focus on the next step: connecting these markets with the use of digital twin solutions. Digital twins will allow our clients to make predictions within their systems, also in the context of the real world. It is a development that is clearly taking place in IT, and OT will move towards these practices in the coming years. It also applies to the interpretation of data and algorithms with predictive values, which are already used in IT. These are also becoming increasingly important in OT.

Within the healthcare sector the availability of data and advanced models will drive the future of personalised healthcare. Data availability will also significantly increase the way in which treatments are used preventively. Patients can expect their treatment to be designed and developed to their own specific needs or in general as a precautionary measure.

Tailor-made consumer goods will be the new off-the-shelf product desired by customers. This will have a huge effect on both the capacity and complexity of engineering R&D and industrial automation processes. We are well equipped to assist our customers in this increasingly complex environment. At the same time the need to further reduce the time to market will continue and we therefore expect the creation of software to be more and more automated. We are already seeing an increase in the use of artificial intelligence to support our software specialists.

NOTES TO THE RESULTS

Key figures

(in millions of €)	Post-IFRS 16 2019	Restated Pre-IFRS 16 [1] 2019	Pre-IFRS 16 2018
Revenue	**155.5**	**155.5**	**129.9**
Added value	128.9	128.9	114.2
EBITDA	**16.5**	**11.7**	**13.5**
Amortisation / depreciation / impairment	11.6	6.8	5.0
Operating profit	**4.9**	**4.9**	**8.5**
Financial income and expenses	(1.0)	(1.0)	(0.6)
One-off accounting gains [2]	0.7	0.7	4.1
Result from joint ventures and associates	(0.9)	(0.9)	(0.4)
Corporate income tax	(1.0)	(1.0)	(2.1)
Net profit	**2.7**	**2.7**	**9.5**
Non-controlling interests	(0.1)	(0.1)	(0.1)
Net profit [2]	**2.6**	**2.6**	**9.4**
Earnings per share [3]	0.27	0.27	0.99
Dividend per share (proposal to the AGM)	0.30	0.30	0.38

[1] IFRS 16 'Leases' is effective as of 1 January 2019. Under this new IFRS 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 recognised. Consequently, IFRS 16 leads to a shift from operating lease costs to depreciation and amortisation and financial expenses. In 2019 IFRS 16 had an effect of € 4.8 million on EBITDA and an equal and opposite impact on depreciation and amortisation.

[2] In 2019 the net profit attributable to the shareholders of ICT Group N.V. includes one-off accounting gain of € 0.7 million related to the revaluation of ICT's stake in GreenFlux. In 2018 the net profit attributable to the shareholders of ICT Group N.V. 2018 includes one-off accounting gains of € 4.1 million related to the acquisition of the remaining 50% stake in InTraffic (€ 3.5 million) and the revaluation of ICT's stake in GreenFlux (€ 0.6 million).

[3] Based on the average number of issued shares.

Performance of ICT Group

In 2019 ICT Group's revenue came in at € 155.5 million, an increase of 20%, organically revenue increased 3%. Revenue growth was mostly attributable to the acquisitions of InTraffic (acquired and consolidated in April 2018), Additude (acquired in January 2019 and consolidated as of February 2019), BNV Mobility (acquired in March 2019 and consolidated as of April 2019) and Proficium (acquired in and consolidated as of November 2019). After a strong first half, organic revenue growth was significantly impacted by the termination of a number of projects in the second half.

Revenue added value increased 13% compared to 2018, reflecting an increase of projects and related equipment as well as an increase in use of freelance professionals.

The personnel costs increased 22% to € 93.6 million (post-IFRS 16: € 91.5 million) compared to € 76.7 million in 2018, mainly a combination of the increase in FTEs and higher wages.

Other operating expenses decreased slightly from € 24.0 million in 2018 to € 23.6 million in 2019 (post-IFRS 16: € 20.9 million), as a result of cost efficiency measures. In 2018 other operating costs included one-off contract termination fees of € 0.8 million, following the acquisition of InTraffic. The costs related to strategic initiatives and the realisation of acquisitions and partnerships in 2019 increased significantly to € 0.7 million, compared to € 0.3 million in 2018.

EBITDA came in at € 11.7 million (post-IFRS 16: € 16.5 million), 13% down compared to € 13.5 million in 2018. The EBITDA margin decreased to 7.5% (2018: 10.4%). This was due to the lower productivity that impacted both the secondment business and projects in the second half of the year.

Performance per segment

	Post-IFRS 16		Pre-IFRS 16				
Segment (in € millions)	2019		2019		2018		Δ
	Revenue	EBITDA	Revenue	EBITDA	Revenue	EBITDA	Revenue
Netherlands, o/w							
Engineering R&D	40.6	6.7	40.6	5.5	38.8	6.0	5%
Industrial Automation	36.7	5.9	36.7	4.9	35.1	4.1	4%
Infra & Mobility	41.1	3.9	41.1	2.8	37.4	3.4	10%
Healthcare Technology	10.5	0.7	10.5	0.2	10.1	0.1	4%
Bulgaria	12.5	2.7	12.5	2.5	9.9	1.9	26%
Sweden	15.4	0.6	15.4	0.4	0.0	0.0	
Other	12.5	(4.0)	12.5	(4.6)	9.5	(2.0)	31%
Eliminations	(13.8)	0.0	(13.8)	0.0	(10.9)		
Total	**155.5**	**16.5**	**155.5**	**11.7**	**129.9**	**13.5**	**20%**

IFRS 16

IFRS 16 'Leases' is effective as of 1 January 2019. Under this new IFRS standard an asset, defined as the right to use the leased item, and a financial liability, representing the present value of future lease payments to be made, are recognised. Consequently, IFRS 16 leads to a shift from operating lease costs to depreciation and amortisation and financial expenses. In 2019 IFRS 16 had an effect of € 4.8 million on EBITDA and an equal and opposite impact on depreciation and amortisation.

Change in segmentation

In line with the new reporting structure, as of 1 January 2019 ICT changed its reporting segments. The activities in the Netherlands are segmented along the end-markets: Engineering R&D, Industrial Automation (including Raster IA), Infra & Mobility (including InTraffic, BNV, and NedMobiel) and Healthcare Technology Solutions (including BMA). In addition, Bulgaria and Sweden are separate segments. The segment Other includes Improve, OrangeNXT, ICT Belgium, CIS Solutions, ICT Motar and Group holding costs.

Engineering R&D

In this segment, ICT is active in the R&D of the industrial sectors Automotive, High Tech and Machine Building.

In the first half of the year this segment benefited from the high demand in the Automotive industry which translated into a strong performance. In the second half market developments across the spectrum of industries ICT serves weakened. The abrupt termination of a number of projects significantly impacted profitability of this segment during the second half of the year.

Industrial Automation

In the Industrial Automation segment, Logistics & Transport, Industry and Outsourced services are the main business units for ICT. In the first half ICT divested

Raster Products. Raster Industrial Automation remains part of the ICT Group.
Port Logistics showed good growth in revenue and profitability, all other units showed a stable performance.

Infra & Mobility

In the public domain ICT focuses on services around capital assets in the area of Water, Energy, Road and Rail infrastructure as well as Mobility. InTraffic improved its margin to the average ICT Group level.
The Infra & Mobility segment experienced lower productivity in the Energy and Water & Infrastructure activities and results were also impacted by the upfront outlays in Mobility as a Service.

Healthcare Technology

To strengthen the efficiency of the total Healthcare offering, the integration of the different activities into one ICT Healthcare, which started in the first half of the year, is now completed. Although the part of the healthcare market ICT serves stagnated, sales of foetal heart monitors increased, which resulted in an improved performance compared to last year. This performance was offset by a weak performance of the other secondment activities in the Healthcare entity.

Bulgaria

In Bulgaria, the nearshoring activities realised healthy growth in both revenue and EBITDA, mainly driven by ongoing demand for nearshoring services. The economies of scale are translating in better margins. The investments in the past period are bearing fruit and the nearshoring activities are performing within the desired margin bandwidth again.

Sweden

With the acquisition of Additude in January 2019, ICT expanded to Sweden. The integration into the ICT Group is completed and cross selling opportunities are being exploited. Given the business model of Additude, with a large pool of freelancers, it operates below the average ICT margin.
Productivity in the second half was lower than anticipated, which impacted the margins.

In the segment **'Other'**, Improve showed a slightly lower performance. OrangeNXT doubled its revenue in 2019, driven by product development and new customers. Despite this successful year of operations, OrangeNXT posted start-up losses. Holding costs increased as a result of higher M&A costs.

Other financial information

ICT has attributed a value to and is amortising several intangible assets, including order backlog, software and customer relations of its acquisitions. Total amortisation for 2019 (pre-IFRS) amounted to € 5.4 million (2018: € 3.8 million). Depreciation (pre-IFRS) for 2019 amounted to € 1.4 million (2018: € 1.2 million).

The result from associates came in at a loss of € 0.9 million (2018: € 0.4 million loss). The loss is mainly attributable to GreenFlux which, as anticipated, is still loss-making and also reflects ICT's share of an impairment by GreenFlux on its assets.

Financing expenses came in at € 1.1 million in 2019, an increase compared to € 0.9 million in 2018, due to increased financing.

Taxes in 2019 amounted to € 1.0 million compared with € 2.1 million in 2018.
Net profit in 2019 included a one-off accounting gain of € 0.7 million, as a result of the revaluation of ICT Group's stake in GreenFlux following the second round of investment by other shareholders. Net profit in 2018 included one-off accounting gains of € 4.1 million in total, of which € 3.5 million was related to the revaluation of the 50% stake in InTraffic already held

by ICT and € 0.6 million to the revaluation of ICT Group's stake in GreenFlux (first round of investment by other shareholders).

Reported net profit for 2019 came in at € 2.7 million (2018: € 9.5 million). This translates into earnings per share of € 0.27 (2018: € 0.99). As a result of stock dividend the number of outstanding ordinary shares increased to 9,565,010 at 31 December 2019 (31 December 2018: 9,463,878).

Cash flow developments

In 2019 the net operational cash flow amounted to € 14.4 million (2018: € 11.1 million). The increase is the net effect of increased tax payments, IFRS 16 effects and positive results of disciplined working capital management.

In 2019 the cash outflow on investment activities amounted to € 17.6 million, compared with € 10.2 million in 2018. The main elements of this outflow were the purchase price cash considerations for the acquisitions of Additude, BNV, the payment of the earn-out for the remainder of BMA and Proficium (€ 14.9 million) and investments in product development and housing facilities. Cash inflow concerned the sale of Raster Products.

The cash inflow from financing activities amounted to € 2.8 million (2018 cash outflow: € 0.9 million). The main elements are the net effect of dividend paid (€ 2.3 million cash outflow) and the increased acquisition financing and the lease liabilities (following IFRS 16).

The net cash position at 31 December 2019 was € 5.8 million (31 December 2018: € 6.2 million). The net cash outflow amounted to € 0.4 million in 2019 (2018: € 0.1 million).

Balance sheet structure

Shareholders' equity increased to € 54.5 million at the end of 2019 from € 54.2 million at the end of 2018, mainly following the net effect of the dividend payment of € 2.3 million and net profit of € 2.7 million.

The balance sheet total increased to € 124.4 million at year-end 2019 from € 95.6 million at year-end 2018 as a result of the acquisitions of Additude, BNV and Proficium. In addition the implementation of IFRS 16 lease accounting caused a balance sheet increase of € 13.1 million (lease assets as well as liabilities). The solvency ratio (shareholders' equity/total assets) stood at 44% at year-end 2019, although lower compared with 57% at year-end 2018, it reflects ICT's sound financial basis.

Personnel

At 31 December 2019 ICT Group employed 1,413 FTEs (1,468 employees), 15% higher than the 1,227 FTEs (1,274 employees) at year-end 2018. The recent acquisitions and ongoing recruitment efforts contributed to this increase.

Dividend

ICT proposes a dividend of € 0.30 per share for the 2019 financial year (2018: € 0.38). The proposed dividend is subject to the approval of the Annual General Meeting of Shareholders (AGM) to be held on 13 May 2020. For the calculation of the proposed dividend, the net profit realised is adjusted for the accounting gains recognised in 2019 as well as non-cash amortisation amounts. This results in an adjusted net profit for the full year 2019 of € 7.2 million. The proposed dividend of € 0.30 per share represents a pay-out ratio of 40% of adjusted net profit, which is in line with ICT's dividend policy. ICT offers the option of distribution of the dividend in cash or in shares.

ICT will calculate the dividend payment in shares one day after the end of the optional period on the basis of the weighted average price of ICT shares during the last five trading days of the optional period, which shall end on 2 June 2020. The dividend in cash or in shares will be payable on 4 June 2020.

OUTLOOK

ICT remains fully focused on profitable growth and will continue to execute its buy-and-build strategy; combining healthy organic growth with selective acquisition opportunities.

We foresee demand in the markets we serve in the first half of 2020 to be in line with the second half of 2019. The global economic circumstances are anticipated to remain uncertain in 2020. Despite these uncertainties we do see ongoing demand for digital transformation projects.

We therefore remain fully committed to deliver on our objective of increasing annual revenue to between € 200 and € 230 million by 2022, with a targeted EBITDA margin between 13% and 15% (including IFRS 16 effects).

BLOG: **CHALLENGE YOURSELF AT ICT** GROUP

This is what drives me!

JEROEN'S CHALLENGE:

IMPROVING THE DIAGNOSIS AND TREATMENT OF PATIENTS AND AS A RESULT OPTIMISING QUALITY OF LIFE.

Jeroen Wennekes, Operational Manager (28)

Jeroen Wennekes is Operational Manager (OM) at ICT Healthcare Technology Solutions, a developer of advanced systems to improve the diagnosis and treatment of patients and as a result optimise quality of life. With his degree in Embedded Software, Jeroen started as a junior software engineer and quickly became one of the rising stars within ICT Group. At the age of 28 he is the youngest OM in the organization.

"I think it has everything to do with the many career opportunities the company has to offer. At ICT my drive was noticed, also thanks to my former OM, I was challenged to challenge myself. It really is to the company's credit that ambition and hard work are acknowledged with opportunities and actual career steps."

"As an OM I focus on three main tasks, I am responsible for a group of colleagues who work in secondment. I am their go-to person within ICT Group, I liaise with the client, and together with each team member I draw up an individual professional development plan. I currently manage the account where I used to work in secondment myself. Soon, I will be taking on more accounts. Besides this, I am responsible for part of the acquisition and I help to design the short- and long term strategy for my business unit. I feel privileged that I can contribute to the future of the business, based on my everyday practice.

Born techie

"Will I miss software programming?" Jeroen pauses to think. "I've always enjoyed it very much, it feels like a hobby. I'm a born techie. In the short period that I've been working as an OM, I have used my technical knowledge and experience in Healthcare on a daily basis. A recent example is that one of my former clients had a technical request of which I knew - based on my years of experience in their operations – they were asking the wrong question. I discussed this with the client and they really appreciated the initiative.
So now I use my knowledge in a different way which I like even better. It helps to support the client's success and endorses our own capabilities."

"ICT Group has lots to offer, you just have to seize the opportunity, I am proof of that."

CASE: **IT'S A MAN'S WORLD, BUT NOT AT ICT**

CYBERSECURITY SHOULD BE EVERYONE'S BUSINESS

Raster is an industrial system integrator within ICT Group, specialised in the safety of industrial production and processes. Raster supports and stands for operational safety through the integration of electronical systems and automated procedures. Many of its projects are related to offshore petrochemical platforms, installations for heavy lifting or ships.

Claudia van Batenburg, Business Development Manager at Raster: "It is my job to identify new clients and new markets. Together with my colleagues I work on themes such as modernisation and security. Ever since the Ukraine power grid hack Raster has been expanding its service area to cybersecurity in addition to operational safety. The risks are gravely underestimated in the markets, it's quite a challenge to create awareness about cybersecurity. Ukraine may be far away in the physical world but in the digital world there are no boundaries."

Claudia van Batenburg,
Business Development Manager
bij Raster Industrial Automation

Another focus for Claudia is the transformation from DCS (Distributed Control System) to hybrid DCS, giving the client more freedom of choice with regard to PLCs, SCADA and service contracts. "Hybrid DCS can save our customers money and create more operational flexibility while we modernise their automated operations."

Role model against her will

Claudia graduated cum laude in Energy Technology back in the days when there were few female role models in technology. "A lot has changed since then," Van Batenburg says. "When visiting our clients, I see more women having meaningful and rewarding careers in technology as there are more and more female operators, engineers and project managers. The same applies to ICT Group. IT and High Tech might appear to be a distinct man's world, but the balance is slowly shifting."

When Van Batenburg did her safety training at the start of her career as an engineer, offshore work was not geared towards women at all. Engineers at Raster regularly work on offshore projects so they have to be equipped to do offshore work, so safety training is mandatory. "The survival suits at the safety training were one-size-fits-all-men," she says laughing. "The seals around the neck and limbs did not fit me. I finally found one suit that wasn't worn out and could keep me dry so I wore it when I jumped off the tower. The suit was still so oversized that when I hit the water, the air went straight to my feet and they came up first. If I hadn't worn a lifejacket I would've had to be rescued upside down from the water. It must have been extremely funny to watch from the sidelines."

"I have always enjoyed working in technology. People who work in technology are generally highly educated and passionate about what they do. They just want to get things done and always judge you on your merits. I do hope that the number of women working in high tech becomes more balanced in the future but I've always been accepted as 'one of the guys' and recognised for my hard work and achievements, just like anyone else."

"It is my job to identify new clients and new markets."

CONTRIBUTING TO A SMARTER WORLD EVERY DAY

CORPORATE SOCIAL RESPONSIBILITY

ICT is very much aware of its responsibility as a corporate and the many roles it fulfils as an employer, supplier, customer and business partner. We see sustainable business operations as an integral part of our drive to make the world a little smarter every day. This is explicitly and implicitly linked to our Corporate Social Responsibility strategy and embedded in our Code of Conduct.

ICT has defined the following spearheads to execute its Corporate Social Responsibility strategy:

- To promote sustainable employability
- To enhance sustainable innovation
- To reduce our environmental footprint and that of the world
- To maintain a high standard of ethics and business integrity

Each Corporate Social Responsibility spearhead is defined with quantitative KPIs and time-sensitive targets.

Purpose

As a technology services provider, ICT's purpose lies close to its heart: using innovative ideas and sustainable solutions to truly make the world smarter each and every day. Our focus on sustainable solutions lies within three areas:

- Cities: creating intelligent IT solutions which increase the quality of city life while reducing the local impact, providing economic growth and fostering innovation;
- Industries: reducing the world's environmental footprint and ensuring responsible consumption and production based on innovative IT solutions; and
- Healthcare: improving medical support and well-being with technological solutions.

Sustainable Development Goals

In 2015 the United Nations introduced 17 Sustainable Development Goals (SDGs) focused on the challenges facing global society. Based on our strategy, value creation model, current initiatives and focus on smarter industries, cities and healthcare we have identified how ICT can contribute to the realisation of the SDGs. ICT is fully committed to all the SDGs with a specific focus on numbers 3, 8, 9, 11 and 12.

On the next page we have identified how our CSR strategy is linked to the UN Sustainable Developments Goals, outlining our objectives and how we contribute.

UN Sustainable Development Goal	ICT objective	How ICT contributes
3 GOOD HEALTH AND WELL-BEING	• ICT strives to improve the quality of healthcare through its technological solutions, making healthcare specialists smarter • We strive to be smarter every day in order to create intelligent IT solutions that make it possible to speed up health diagnoses, increase the usage rates of healthcare programmes and reduce the time medical specialists need for administrative tasks	• By developing innovative imaging analysis software to improve cancer diagnosis and treatment • By optimising healthcare treatment programmes to improve usage rates of health equipment (e.g. x-ray machines) • By delivering software that improves monitoring in high-risk pregnancies • By delivering an integration engine which is able to exchange messages between various stand-alone healthcare systems in a healthcare organisation
8 DECENT WORK AND ECONOMIC GROWTH	• ICT aims to provide a safe place to work where people feel engaged and motivated • ICT focuses on the development of its people, enabling them to perform to the best of their abilities • ICT stimulates an entrepreneurial culture to enable its people to create innovative solutions, thus delivering value to ICT's customers	• By continuously investing in training and development programmes for our own ICT Academy • By investing in a safe and healthy working environment • By promoting inclusiveness • By initiating and engaging in innovation programmes that stimulate innovative ideas, such as CoLab and Dragons' Den
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• We strive to be smarter every day by creating intelligent manufacturing and IT solutions	• By offering IT solutions that are smart and sustainable, such as Model Predictive Control, resilient cloud solutions, logistics management systems for warehouses and container terminals, and automation solutions for production lines and complete factories • Through the Council of 20, a group of young professionals and disruptive thinkers who are encouraged to develop new innovative ideas • Through Dragons' Den, a programme aimed at encouraging and stimulating ICT employees to come up with new innovative ideas • By having a supplier code that ensures that strategic suppliers operate sustainably, in line with ICT's Corporate Social Responsibility strategy
11 SUSTAINABLE CITIES AND COMMUNITIES	• Using our IT solutions, we aim to help cities become more sustainable and improve the quality and performance of urban services	• By improving air quality through the use of our IT solutions that facilitate electric and solar energy modes of transport • By developing water management control systems which monitor and control gas stations and dams to manage water levels • By developing smart asphalt that leads to better traffic flows and less disruption • By offering remote control systems which operate bridges and locks from a distance and coordinate corridor transport more efficiently • By developing an innovative Mobility-as-a-Service platform which enables carefree travel planning for travellers with various types of mobility in one application
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• We want to reduce our environmental footprint from year to year • ICT strives to have sustainable and innovative solutions that reduce costs and consumption	• By participating in various projects aimed at reducing energy consumption (e.g. GridFlex, BZO Groningen and USEF initiatives) • By participating in a consortium that is examining how to prevent overloading and underloading on the electricity grid as the growing share of wind and solar-based electricity is expected to increase the number of peaks and lows in electricity production • By participating in Greenflux, which provides electric charging stations. Together with Greenflux we have developed Smart Charging, a solution based on IoT & Cloud technology, for the settlement of charge transactions • By developing IT solutions such as the Energy NXT platform which enables companies to be flexible in their energy consumption based on their own energy generation and demanded energy consumption

AMBITIOUS & COMMITTED EMPLOYER

As a leading player in the industry, ICT is active in a dynamic, quickly changing environment, supporting customers in innovative and often challenging projects. Our employees are crucial in our mission to make the world smarter every day, adding value for our customers with their technological expertise and specialised knowledge. ICT creates an environment where our people can grow every day, both personally and professionally, and always based on their ambition and passion for technology. Our HR department is fully committed to advise, connect and facilitate managers and individual employees in order to together improve the organisation and development of all of our people on a continuous basis.

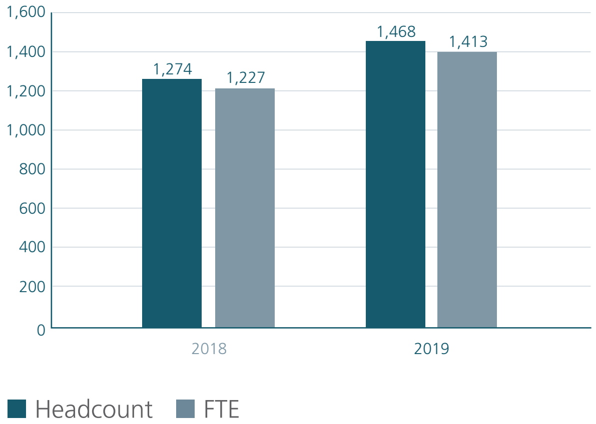
Innovation and technology are key, and for people who resonate with that, ICT wants to be an employer of choice, ICT is a great place to develop. This is based on the following pillars:

- The well-being of our employees
- Continuous learning and development
- Being an inclusive employer with a diverse workforce

Our key performance indicators to measure sustainable employability, categorised in three pillars, are:

Key performance indicators	Targets	2019	2018
Well-being of employees			
Staff retention	> 85% and above the sector-wide average	84%	86%
Employee satisfaction	> 7.0	7.3	7.3
Absenteeism rate	Below the sector-wide average	2.4%	2.6%
Number of safety incidents	0	0	0
Number of employees participating in ICT's equity participation plan	There is no specific target defined	21%	17%
Learning and development			
Average number of training hours per FTE	On average 25 hours per annum	22	23
Inclusiveness			
% females vs. total number employees	Continuous improvement of gender diversity year-on-year	14.1%	11.4%

The total number of employees at year-end 2019 was 1,468, 15% higher than at the end of 2018 (1,274).



The employment market for IT talents remains challenging. Being an employer of choice is crucial in attracting motivated professionals. To do so we are keen to ensure we have a well-defined profile and identity that makes it clear what ICT offers (potential) employees.

Recruitment

Our recruitment professionals are true knowledge- and sparring partners for the business. Together with the vacancy owners within ICT Group, recruitment sets out a strategy to define and address the specific requirements the business has. The considered approach is always based on a set of variables and includes up to date information about market trends, expertise areas, industry knowledge, possible scarcity of specific talent and conversion ratios.

On a continuous basis recruitment deploys a wide range of actions to ensure the position ICT Group desires as an employer of choice. While offering positions with high-tech challenges and highly innovative technological projects, ICT's recruitment is well aware that the search for talent in a scarce market often takes time. The pursued content strategy is a combination of online and offline targeting. Next to activities on social media and recruitment platforms, recruitment both organises and attends various relevant events during the year to get in touch with the talent group. On occasion they also team up with customers to organise recruitment events and knowledge platforms to engage with potential candidates.

In 2019 ICT organised an event together with ECT Rotterdam with the objective to meet professionals and introduce them to both companies. The event yielded positive results, it increased the relevant talent network and additionally resulted in several hires for both ICT and ECT.

ICT is also very active in introducing the company to university students and acts as a sparring partner on various events at Dutch universities throughout the year. In 2017 ICT introduced CoLab, which is a community of bachelor and master students who, together with our inhouse professionals, work on small projects learning new skills and share insights into new technologies and ways of working.

Developments 2019

In the year under review ICT successfully hired 459 (2018: 415) new colleagues, of whom 31% (2018: 36%) joined through the companies that were acquired in 2019. The retention rate came in at 84% in 2019, compared to 86% in 2018, slightly below our retention rate target of 85%. The retention rate at ICT Netherlands was above the industry average, despite the ever-challenging labour market and shortage of IT talent. In Bulgaria and Sweden the retention rate was lower.

At Strypes Bulgaria this was mainly caused by heavy competition for young IT professionals in the country. Additude, which was acquired in January 2019, showed a lower than average retention rate but also a vast amount of new hires during the year under review.

Our retention programme which is based on exit statistics and exit interviews enables us to react quickly to exit trends.

Well-being of our employees

A safe and pleasant work environment is a prerequisite at ICT. Well-being and engagement are strongly connected. Apart from the involvement managers have in connecting with their team members in monitoring development, motivation and well-being in general, we continuously work on sustaining and nurturing the health of our employees through:

- the company culture, including ethical behaviour;
- employee engagement surveys;
- vitality and work-life balance;
- the physical working environment;
- employee recognition; and
- engagement initiatives.

Company culture

While ICT has grown significantly in the past few years, its open culture remained. It creates an environment in which our people feel welcome and supported. All employees are at ease in taking responsibility, we continuously encourage them to develop their talents and skills, trial and error is part of the job. We highly value entrepreneurship and freedom to act, both preconditions to enable our employees to look beyond boundaries, to be innovative pioneers developing ground-breaking solutions, to develop and share knowledge while being able to be who you are.

The UN Guiding Principles on Business and Human Rights are intrinsically linked to our ethics policy. This is also embedded in our Code of Conduct which explains that, as an employer, we make every effort to create a positive, transparent working environment that is free from discrimination, harassment, intimidation and in which all employees have equal opportunities.

Employee engagement

To ensure a healthy working environment the operational management team and human resource management are in contact on a regular basis. To monitor employee satisfaction the result of the annual employee engagement survey is an important indicator. The 2019 survey, with a response rate of 71% (2018: 68%), showed an overall score of 7.3 (2018: 7.3), indicating that ICT is performing satisfactorily, above our own target of 7. Especially having the opportunity to be part of innovative solutions, the continuous encouragement to learn and develop and the entrepreneurial environment are highly appreciated by our employees. The survey is also very valuable in identifying improvements on more general themes like working proactively on inclusion or gender equality. ICT uses this valuable feedback to remain the employer of choice for our people as well as to increase our attractiveness as an employer for new employees.

Health and safety

Another important indicator linked to employee well-being is absenteeism due to sickness. The absenteeism rate remained low at ICT, coming in at 2.4% in 2019 (2018: 2.6%), below the industry average of around 3%. Vitality and a healthy work-life balance are essential to delivering the best possible performance on a day-to-day basis. Our prevention programme – which includes a health and safety manual – also involves managers and the HR department working together and learning from every case of absenteeism enabling us to provide a healthy environment. Professional healthcare support is available and covers a wide range of options, from providing healthy snack alternatives, accommodating healthy workstations including adaptable desks to sit and stand at, to individual training and coaching.

Our policies and guidelines regarding health and safety are reviewed every three years. Our dedicated prevention officer ensures that health, safety and environmental policies and guidelines are adhered to throughout the whole ICT organisation. The number of health and safety incidents was again minimal in 2019.

Engagement initiatives

ICT 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 are encouraged to think about new ideas to fuel ICT's pipeline of innovations. Besides providing valuable input enabling ICT to stay connected to the world of millennials, the Council increases the engagement of these young professionals. The Council meets every quarter and is joined by a selective group of members of the Group Steering Committee. It serves several purposes, from enabling a continuous dialogue to improving knowledge sharing.

Another element in our drive for employee engagement is our Equity Participation Plan for employees. The equity participation plan is open to all ICT employees with a permanent job contract. More than 21% of the employees eligible to join currently participate in the plan (2018: 17%).

Continuous learning and development

As an innovative frontrunner ICT uses the latest technologies and tools, ensuring our employees are equipped with the skills to match. We continuously make significant investments to increase the technological, innovative and personal skills of our employees. Next to encouraging our employees on a daily basis, by providing innovative and challenging projects, we also offer technical and personal training to ensure that our people remain well-equipped for their roles. Ongoing personal development is an integral part of daily working practices and is discussed regularly in employee feedback sessions, making sure we can identify and support individual development needs.

Career development

Our people are our most important asset and ICT wishes to fully facilitate employees in shaping and building their careers. Employees can for example add new specialist technical skills or are provided the opportunity to develop management skills. ICT aims to fill the majority of all management positions through internal promotion, supported by the in-house leadership development programme.

ICT conducts career development evaluations on a yearly basis. To keep track on the employees' development path during the year, one on one dialogue sessions between the managers and employees are organised every quarter to share feedback.

ICT Academy

To facilitate the individual development of our people, ICT has set up the ICT Academy. The execution of the trainings is entrusted to the specialised training unit Improve Quality Services. The ICT Academy provides a platform for employees to turn to for learning and development. Our people are trained by our own professionals or by carefully selected trainers or institutions. To fully support learning needs, we offer online training facilities in addition to traditional classroom facilities. We offer more than 100 training courses, covering a wide range of knowledge and expertise, from technical skills to leadership skills, as well as access to an array of free e-books. To ensure that teaching material truly provides the information needed, the content is always put together in close consultation with the business.

The ICT Academy initiates and organises a curriculum for managers on leadership skills. Prominent speakers are invited to share their vision on leadership to help inspire our managers and help them reflect on their own leadership style. In 2019, ICT's professionals followed a total of 28,324 hours training (2018: 25,751 hours). This translates into an average of 22 hours per professional (2018: 23 hours), slightly below our average aspiration level. This included both internal and external training hours.

Knowledge sharing

ICT highly promotes the exchange of technical knowledge between employees and teams. We develop cross-functional skills by organising interdisciplinary workshops. Creative workshops are also organised to share knowledge between employees, customers and partners. In 2019 ICT arranged internal workshops and training for employees. One of these initiatives was Dragons' Den, which was launched in 2017 to stimulate employees to come up with innovative ideas.

Our 66 external events and workshops were also well received by our customers. A new initiative in 2019 was the ICT Developer Day, during which over 100 of our developers were invited to come to Papendal. The day started with an inspirational keynote speaker on trends and innovations in IT and related domains and continued with breakout sessions. These sessions were organised and moderated by ICT colleagues, enabling knowledge sharing between co-workers of ICT Group and all its subsidiaries. The programme allowed plenty availability to discuss the newest innovations and inspirational projects in which developers were involved.

Inclusiveness - Embracing multiculturalism and differences

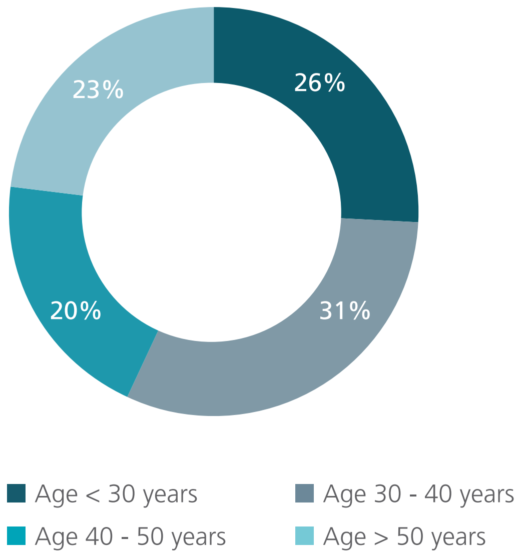
At ICT we are convinced that diverse views and perspectives add value and are essential to drive innovation. It is a proven fact that diverse teams perform better and deliver better results. Being an inclusive employer with a diverse workforce is not only a given, it is part of our strategy to welcome every professional that meets our competence profile, irrespective of gender, age, religion or (ethnic) background. ICT facilitates the realisation of a positive, transparent working environment that is free from discrimination and gives all employees equal access to opportunities.

Despite efforts and ambitions to increase the number of female staff, we are not yet meeting our ambitions when it comes to gender diversity. By the end of 2019 14.1% of total staff were female, an increase compared to 11.4% in 2018. ICT believes that getting women interested in technology and ultimately increasing the future female talent pool, starts in school. This is why ICT supports initiatives which support realising a better gender balance in this field.

Of course, ICT respects gender equality. There is no difference in the base salary and total remuneration between women and men across all employee categories.

In the year under review, ICT continued to broaden its profile in terms of diversity in nationalities, with foreign nationals now accounting for 35% of our total workforce (2018: 24%). ICT employs people from all over the world, representing 25 different nationalities (2018: 29). ICT supports international employees with the relocation and integration process, offering all the help it can, both on the social front and with other more practical day-to-day issues. We also organise culture sessions for international employees and Dutch nationals to create a better reciprocal understanding amongst employees.

The diversity of our workforce is also reflected in the age breakdown of our employees, which was as follows in 2019:



Information on the gender diversity in ICT Group's Executive and Supervisory Boards can be found in the Report of the Supervisory Board.

SUSTAINABLE INNOVATION

Key performance indicators

Sustainable innovation	Targets	2019	2018
% of added value invested in innovative solutions	Around 1.5% of ICT's added value is invested in innovative solutions	2.0%	1.4%
Number of internships		54	45

ICT strives to create sustainable IT solutions that increase the quality of life on earth, provide economic growth in industries and cities, and foster innovation. This perfectly matches our focus on our smarter themes and our sustainable innovation objectives:

- Smarter industries: ICT helps to create intelligent manufacturing technology solutions, supporting the digital transformation and the continued robotisation of industry.
- 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.
- Smarter healthcare: ICT has developed software solutions to enhance the exchange of data in the healthcare sector, enabling synoptic reporting and faster diagnosis, thus increasing efficiency.

To achieve and sustain ICT's sustainable innovation objectives, the CoLab and Dragons' Den research & development and innovation programmes were created to accelerate sustainable innovation. Additionally, we consolidated our software propositions in OrangeNXT for this purpose.

CoLab

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 is headed by the Innovation Director who reports to the Executive Board. The majority of our internships related to innovative projects are offered via CoLab. The CoLab programme is used to develop Proof of Concepts which can be presented to the Dragon Den's committee and to train our own employees in new innovative concepts. In this way the programme really contributes to ICT's innovative capabilities.

Dragons' Den

ICT has a Dragons' Den programme to structurally assess and evaluate innovative product ideas with new business models. The idea is to start fast and, if inevitable, fail fast. Hypotheses in the business model are validated using marketing techniques, before diving into technological challenges. Validated business models are presented on a monthly basis to the internal Dragons' Den committee consisting of ICT board members and external experts. They assess the proposed ideas on criteria such as strategic fit, growth potential and portfolio balance. Progress is continuously monitored. This process has already resulted in multiple successful pitches and contributed to a constantly growing portfolio of new business models with recurring revenue streams including Motar, the OrangeNXT product portfolio and the development of the Mobility-as-a-Service proposition.

Sustainable Solutions developed

Mobility as a Service (MaaS) platform
MaaS platforms have the potential to change the way people get around and even the ownership of private vehicles. MaaS seeks to make transportation cleaner, cheaper, and faster while allowing users to plan, book and pay for door-to-door trips using a single app.

TURNN, ICT's MaaS platform connects people and destinations, mobility and sustainability. TURNN is involved in several MaaS pilots in Groningen, Drenthe, Limburg and the Eindhoven area.

EnergyNXT controls batteries in housing complexes
Nowadays most blocks of flats have lifts which generally cause peak loads of power consumption. That means that these blocks require a large – and therefore expensive – connection to the power grid. Many housing and homeowners' associations could potentially switch to a smaller, more cost-efficient grid connection by using a battery capable of storing energy during off-peak times and reusing that energy at peak times. This is attractive in terms of cost and allows administrators to further increase the use of sustainable energy if they were to install solar panels on the roof to power the battery.

Start-up company Iwell supplies such batteries. Iwell uses ICT Group's EnergyNXT software platform, which provides real-time information on battery use and controls the batteries.

Delfland – Managing the water quantity for Delfland
The water board of Delfland controls a critical water management area, seeing to it that pumping stations and dams either pump away water during heavy rainfall or allow extra water in during periods of drought. Optimum automation of surface water management is required to be prepared for changing climate conditions.

No fewer than 220 pumping stations and dams had to be equipped with new, automated control units. In addition, ICT Group supplied 115 individual water measuring points that had to be connected to wireless communication links. A fully-equipped control room was set up to control and monitor all these points. ICT Group developed a standard programme to configure the control software of every object in an easy and uniform way: the Waterproof Advanced Generator. This standard programme can also be applied to other water management systems and sewage treatment installations.

Application of newest LED technologies on vehicle headlights
Automotive OEMs (original equipment manufacturer) are investing significantly in the development of new features in vehicles which will result in safer and/or more cost-efficient driving. Using the newest LED technologies on vehicle headlights will enhance the safety of the driver and other road users. ICT co-develops Intelligent Headlight Controls for leading Tier-1 suppliers in the industry and supports the design, implementation and testing of embedded software for Intelligent Headlight Controls.

More efficient and reliable order processing
A.S. Watson was looking for a partner to support a more efficient and reliable processing of delivery units and continuous innovations and/or adjustments of their logistics concept. Old systems had to be integrated into a new dispatch management module (EMM) within A.S. Watson's Warehouse Management System. ICT was responsible for the entire design (including the workshops) as well as the development, implementation, deployment and after-care of the EMM. This resulted in numerous benefits and improvements, including a reduction in shipping and delivery costs thanks to an efficient, integrated dispatch management solution and reduction in the number of delivery errors.

REDUCE OUR ENVIRONMENTAL FOOTPRINT AND THAT OF THE WORLD

Key performance indicators

Reduce the world's environmental footprint	Targets	2019	2018
Carbon footprint in CO_2 tonnes per FTE	Reduction of 2% per FTE on a year-on-year basis.	3.8	4.5
Renewable energy (% of total energy consumption offices)	100% green electricity in our offices	100%	100%
Electric cars (% of lease fleet)	In 2026 the majority of our lease fleet is electric	9%	3%

CO_2

Reducing greenhouse gases, and especially carbon gases, is a necessity. The objective to reduce CO_2 emissions brings both costs and opportunities. So too for ICT as an IT solutions provider participating in projects aimed at reducing the world's environmental footprint. ICT's greatest impact in reducing greenhouse gas emissions lies with its solutions, so we performed a number of chain analyses to calculate to what extent our CO_2 emissions could be reduced. These chain analyses were linked to various activities: to electric charging points as ICT is highly involved in GreenFlux, to GridFleX which aims to set up a local and sustainable energy market for consumption, storage and trading of solar energy, and to the chain of hosting activities in the Cloud. Furthermore, ICT is a founding partner of USEF. The aim of USEF is to contribute to the development of a common smart energy standard and shared EU framework to maximise the value of flexibility within a unified smart energy system. This will offer value to all market stakeholders and promote the adoption of renewable energy. All these initiatives result in energy efficiencies, the use of renewable energy and a reduction in CO_2 emissions.

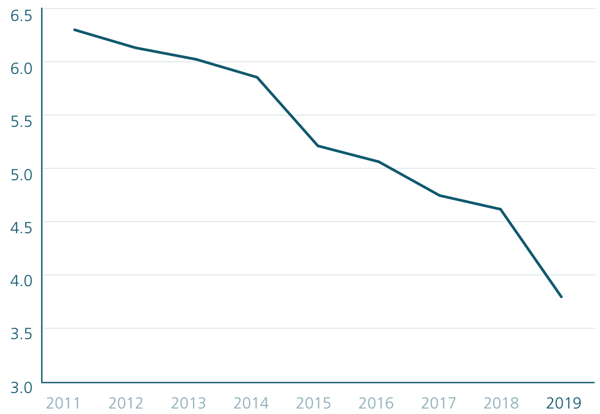
Looking at our own environmental footprint, it is ICT's objective to reduce its carbon footprint by 2% per FTE annually. We aim to achieve this objective through a lease car fleet which by 2026 will mainly consist of electric cars, by only using renewable energy, through offices with an A grade energy label and with heating systems which will be fully electric by 2030.

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

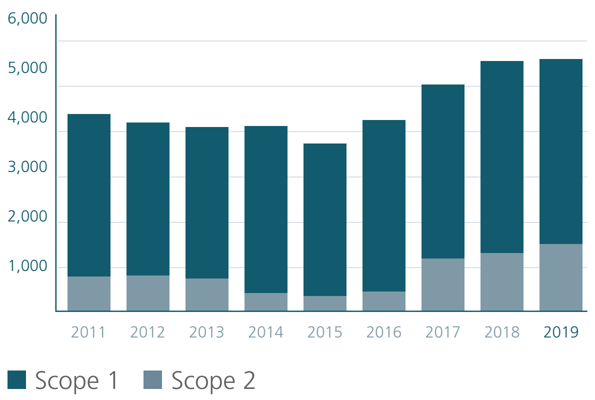
After new CO_2 limits were set for cars based on the WLPT (Worldwide Harmonised Light Vehicle Test

Procedure) standard, ICT will set new limits that will be at least in line with the currently permitted maximum CO_2 limits. ICT promotes the lease of electric vehicles by providing benefits to employees leasing electric vehicles.

Development of CO_2 emissions in tonnes per FTE



CO_2 emissions 2011 - 2019



In 2019 ICT achieved a year-on-year reduction in CO_2 emissions of 15.6% per employee (2018: 6%), above the target of an average annual reduction of 2%. This reduction was the result of both the increase in use of electric vehicles as well as the consolidation of Additude and InTraffic. Since 2016 CO_2 emissions per FTE have been reduced by 25%. In 2019 for the company as a whole, scope 1 and scope 2 CO_2 emissions amounted to 3,735 tonnes (2018: 3,879 tonnes) and 1,363 tonnes (2018: 1,172 tonnes), respectively. The rise in scope 2 emissions relates to the international expansion of ICT Group. ICT is in the process of setting a new CO_2 reduction target which also takes into account the climate change agreement of the Dutch government as presented in June 2019. As part of setting a new reduction target we will investigate if level 5 certification on the SKAO CO_2 performance ladder at ICT Group N.V. level, including InTraffic, is feasible. ICT increased the number of entities related to ICT Group N.V. and its subsidiaries certified under level 4 of the SKAO CO_2 performance ladder. InTraffic B.V. is again certified at level 5 of the SKAO CO_2 performance ladder.

Waste management

As a services provider, ICT's largest waste footprint is from office waste. Although we do not have a direct footprint from manufacturing, hardware is kept in packaging materials (e.g. plastic and cardboard) so there is waste from packaging.

We have set the following objectives with regard to waste based on the identification of our largest waste streams: office waste and hardware packaging:

- A 5% annual improvement with regard to the percentage of our office waste which is recycled or reused.
- A 2% annual reduction in our paper consumption.
- The elimination of paper in our invoicing, purchase orders processes and employee expense processing, where legally permitted and technically possible.

Sustainable procurement

Besides regular purchases of office supplies, a large part of our purchases concerns hardware and software. We have set the following objectives to reduce our environmental footprint:

- A 5% annual improvement in the percentage of suppliers using packaging which can be reused, recycled or composted.
- All our offices will use paper from certified sustainable forests or recycled sources in 2020.

As of next year the KPIs on waste management and sustainable procurement will be included in our CSR KPI reporting.
In our supplier selection we assess if suppliers take Corporate Social Responsibility into account in their operations and if suppliers have an energy reduction policy in place.

Other

No incidents of non-compliance with environmental laws or regulations were identified.

ETHICS & BUSINESS INTEGRITY

At ICT Group three core values are at the heart of everything we do: respect, transparancy and responsibility. Working together – be it with colleagues, customers or suppliers – should be pleasant. At ICT we are all equal. We always treat people with respect and approach one another with an open mind. In doing so we take responsibility, not only for our own success but also for that of others.

These values are also applicable to every business decision we take. Doing business at ICT should never be influenced by factors other than business considerations as collaboration and integrity are natural and self-evident to us. Third parties doing business with ICT should know that each and every one of our representatives conducts themselves in an honest, ethical and fair manner. ICT employees act not only in accordance with the applicable laws and regulations but also in line with our Code of Conduct, which stipulates respect for human rights. Furthermore our Code of Conduct includes anti-bribery and anti-corruption principles and the company has a whistleblower policy in place which provides employees with the opportunity to report on any violations of the Code of Conduct.

Soliciting and/or accepting a bribe in any form is unacceptable and will result in immediate dismissal. ICT employees and contractors will not offer payments or gifts or make certain promises to clients or third parties (or any employees thereof) in order to obtain business contracts or to positively influence a purchase or procurement procedure. ICT may not make payments to any political parties, organisations or their representatives. ICT and its employees will respect national and international competition laws and refrain from entering into agreements with other enterprises which may limit competition, including restrictive agreements on issues such as price, delivery conditions, market allocation, production and marketing. No incidents of corruption or bribery were reported in the year under review, nor have any legal actions been taken in this respect.

Corporate Social Responsibility governance

Responsibility for working sustainably, keeping in mind our contribution to acting in an ethical manner is high on ICT's agenda. The ownership for our CSR strategy lies with ICT Group's Executive Board, as does policy-setting based on this strategy. To embed and execute our CSR strategy in the best possible way, the Group's sustainability officer together with the financial controller measure the targets on a quarterly basis and summarise where we stand in internal quarterly progress reports. The progress and results based on these KPIs are reported once a year in the annual report. External progress reports with regard to specific CO_2 targets are published twice a year.

Social initiatives

In line with our mission to make the world smarter every day, we encourage our employees to convey this in a societal context as well. For example by contributing their knowledge and expertise to meaningful initiatives including educational projects, developing tools for non-profit organisations and supporting initiatives that promote an interest in technology among young people. In 2019 we organised our annual ICT golf day, raising money for several charities. The total amount raised at the event was € 27,250.

CASE: **DEVELOPING THE FUTURE AT COLAB**

DEVELOPING THE FUTURE AT COLAB

Individual learning can spark world-changing ideas

In 2017 ICT launched CoLab, a community of 25 graduate students working towards a bachelor's or master's degree. They take on small projects together with our in-house professionals, learning new skills and sharing insights on new technologies and ways of working.

CoLab has an average cycle of six months, meaning that a total of 50 students can participate each year. CoLab projects are usually focused on specific themes such as:

- Artificial Intelligence
- Smart Mobility
- Digital Twins in IoT
- Smart Contracts
- E-health
- Smart Assistants

The CoLab community works with customers to explore possible innovations with the help of Design Thinking workshops. In one full day an idea gets prototyped and tested for the first time. These workshops usually form the foundation of CoLab projects.

"If everything in our world is connected, we have to work together to develop the future."

Bart Lamot, Director of Innovations

Developments in technology are moving fast. It has only been twenty-five years since the Internet became accessible to the general public and just ten years since the first smartphones were released. We live in a society where we are all connected and are always online.

CoLab: to learn and inspire

The purpose of CoLab is to work together on ideation and social innovation with the aim to both learn and inspire. The source of the ideas we harvest can be anyone or anything: professionals, customers or online communities. CoLab projects range from doing research to developing a proof of concept, provided that the project is small, manageable and the idea has a learning aspect. By learning new skills, the students extend their toolkit to solve problems. Through research or open-source coding we share the knowledge gained on cutting-edge technologies.

Things get smarter

"If everything in our world is connected, we have to work together to develop the future," according to ICT Director of Innovations Bart Lamot. The 2019 Consumer Electronics Show showcased the newest consumer electronics and one of the most common new features was the support for digital assistants. Assistants such as Google Home and Amazon Alexa are becoming more and more accepted within households. Although this trend does not directly apply to most of the software that ICT develops, each assistant has built-in features including Artificial Intelligence, microservices, user experience and digital transactions. Digital assistants will affect our work as well so we are experimenting with the building blocks of digital assistants in CoLab projects.

The theme of e-health highlighted a social innovation project which resulted in a 3D-printed and attached prosthetic arm. Two students worked on this project for five months and came up with an open-source solution based on generic, available hardware. They used a 3D printer to print a prosthetic arm and then adhered a microcontroller to it. The user of the arm can control a laptop or a tablet by making gestures with the arm. The software installed in the arm uses machine learning to learn the gestures for each specific user, enabling it to fit the user's movement capabilities.

Big future challenges with respect to the environment, feeding the growing population and freshwater distribution call for innovative solutions, both big and small. The CoLab initiative is keen to contribute to this with smart technology.

RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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 encounters 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 if and when necessary. As the body responsible for ICT Group's risk management, the Executive Board regularly discusses the risk management framework with the Audit Committee and the Supervisory Board.

In the year under review steps were taken relating to the further implementation and formalisation of the Enterprise Risk Management (ERM) Committee as well as to the further implementation of the internal audit function. The ERM Committee is making an important contribution to the awareness and ownership of risk management within the organisation. It is also focused on risk identification and possible mitigation as well as on addressing and discussing the further strengthening of the internal controls in a hands-on manner. The internal auditor developed and executed the Internal Audit Plan. Several audits were performed and the results of these audits have been used to implement process improvements aimed at increasing internal controls and uniform processes in every ICT entity.

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 embedding it 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	• Identification of 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. Control Activities	• Policies and procedures • Operational effectiveness of preventive, detective and corrective controls • Control over information systems
4. Communication	• Internal communication: identification and communication • External communication: preparation and review
5. 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

ICT's control framework is based on several pillars, all contributing in their own way to ICT's risk management and controls. These pillars are the planning and control cycle, policies and guidelines, and performance and quality controls. Each of these elements is managed and supervised by the fourth pillar: ICT's governance 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. As part of its responsibility for risk management, 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, cluster directors and business unit managers. The business plan contains both a financial budget and a number of concrete business objectives for each legal entity and underlying business unit as well as for each cluster. These objectives are translated into Key Performance Indicators (KPIs), whose progress is measured throughout the year. Important KPIs at ICT include the capacity utilisation rate, tariffs, number of direct and indirect FTEs and efficiency of the company's processes. Management evaluates these KPIs and financial and operational reporting systems 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 whistle-blower policy; and
- a quality management system used to document all significant processes at ICT.

ICT's management is receptive to employees' ethical concerns and is committed to responding appropriately to misconduct. Management demonstrates its adherence to and enforcement of policies and guidelines through its work practices and decisions. When changes are made, employees are notified accordingly and the changes are implemented. Management does not provide incentives or offer temptations that might prompt employees to engage in dishonest, illegal or unethical acts. A whistle-blower policy is in place that enables employees to report suspicious incidents anonymously.

ICT has an internal procedure in place, so-called letters of representation, that require management to confirm compliance with the group's policies and procedures. This process is increasingly important given the growth of the company through acquisitions. It helps to provide the assurance the Executive Board needs to draw up 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 system. ICT constantly works on improving the services it provides to customers in every 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's internal auditor plays an important role in this monitoring process. Also, external auditing of the above-mentioned standards takes place on a regular basis. In the year under review no critical findings came to light in the various reviews.

Risk governance framework

To secure optimal monitoring and the timely identification of risks and, if necessary, to mitigate any risks that arise, ICT has a constant process of internal controls and measurements in place. In 2019 ICT further structured the Enterprise Risk Management (ERM) meetings. In these quarterly meetings all relevant disciplines within the organisation are represented: operations, finance, legal, human resources, internal audit, quality assurance and information security. ERM meetings discuss ICT Group's risk environment and are an important instrument to identify risks at an early stage. Due to the involvement of people throughout the organisation the aim is for risk management and ownership to become part of every group entity and process. The risk management system with its control mechanisms and mitigating measures is also a periodically recurring item on the agenda of the Audit Committee and, hence, the Supervisory Board.

Sensitivity analysis

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

	Change	Impact	On	Assumption
Revenue	+/- 1%	+/- € 1.5 million	EBITDA	Flat gross margin and no change to cost base
Operating expenses	+/- 1%	+/- € 1.2 million	EBITDA	
Interest rate	+ 100 bps	+ € 0.1 million	Financial charges	Average net debt in 2019
Net debt	+/- € 3 million	+/- € 0.1 million	Financial charges	Stable interest rates

Improvements in risk management and control systems in 2019

In the year under review ICT took action to further strengthen its risk management and control system. A number of developments, including recent acquisitions, have an impact on ICT and the risks it faces and how the company handles these risks.

Enterprise Risk Management

During the year under review steps were taken to further structure the activities of the Enterprise Risk Management (ERM) Committee, the aim of which included increasing its effectiveness. All changes and improvements mentioned below were initiated and/or addressed in the ERM meetings.

Internal controls

Given ICT's buy and build strategy and the ongoing expansion of the group, adequate internal controls continue to be a point of attention. In the year under review the internal control framework was further strengthened, with a specific focus on the integration of the recently acquired entities Additude, Kodar, BNV Mobility ('BNV') and Proficium. An example of this strengthening is the implementation of processes and procedures regarding information security. The expansion of ICT's shared services centre was also instrumental in increasing the one of way of working principle at ICT Group. With the larger entities within the Group (existing or recently acquired) implementing uniform processes, procedures and monitoring, the internal controls were already at a high level. The focus now is to also increase this level of internal control within the smaller group entities. In the year under review the focus was on the healthcare activities within ICT. Full integration within a larger existing ICT entity is a way to ensure that all procedures and standards are implemented. BNV, for example, is being integrated into InTraffic while Raster is being integrated into the Industrial Automation cluster. To ensure sufficient levels of control of information security also at the smaller entities within the group, an Information Security Baseline was introduced. This baseline takes the risks of each individual entity into account and sets minimum levels of required control for each. The baseline was successfully implemented in the year under review, contributing to the desired level of control.

Reporting

In the year under review ICT changed its reporting segments. Since 1 January 2019 the main segmentation relates to geographies (The Netherlands, Bulgaria and Sweden). The second breakdown relates to clusters in the end-markets: Engineering R&D, Industrial Automation (including Raster IA), Infra & Mobility (including InTraffic, BNV and NedMobiel) and Healthcare Technology Solutions (including BMA). Another change implemented in the reporting structure aims to provide more insight in the development of recurring revenue (revenue from solutions that are offered 'as a service' and provide a recurring revenue stream) at ICT. As these solutions are becoming more and more important in ICT's business model it is evident that the revenue development from these solutions needs to be monitored.

Internal audit

In 2018 ICT appointed an internal auditor.
The internal audit function is now fully established and several audits were performed in 2019. The internal auditor further developed and executed the group-wide risk-based Internal Audit Plan in close consultation with the Executive Board, the Audit Committee and the external auditor. Process improvements are implemented based on the outcome of these audits which contribute to more uniform processes and the further implementation of one way of working. The adequate implementation of internal controls at newly acquired companies is essential and therefore also a focal point for the internal auditor who, consequently, is involved in the integration

process at an early stage. Audits are performed in line with the audit planning.

Policies

Many policies are in place at ICT Group. However, the traceability of these policies was not optimum so the policies were republished to ensure that employees and other stakeholders can easily access them and the associated guidelines. In addition, a complete crisis manual was drafted in 2019 which includes a crisis management matrix that provides pragmatic support in response to a potential crisis. This matrix will be further rolled out throughout the organisation in 2020. Furthermore, the business continuity framework was rolled out. The crisis management process was also further strengthened by assigning ownership for the various processes for the purpose of business continuity.

Further certification

The ISO 9001 certifications at InTraffic, ICT Netherlands and BMA were successfully renewed. In addition, the CO_2 performance ladder audits at InTraffic (level 5) and ICT Group N.V. (level 4) were passed. ISAE 3402 assurance certification was also achieved for outsourced services. Furthermore, ICT Healthcare Technology Solutions BV received ISO 27001 certification.

Focus in 2020

In 2020 ICT intends to focus on the following:

- Further streamlining the processes and further implementing one way of working for the entire organisation. This includes focusing on quality standards, also within the smaller group entities. The further expansion and implementation of our shared service centre is an important step in achieving this.
- Information security remains a very important topic that entails raising further awareness among employees. We also need to continue to implement processes and policies, particularly within the smaller entities.
- Involving the internal auditor in acquisitions at an early stage. This will ensure more focus on integration at an earlier phase in the acquisition process.

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. It then assigns a weighting to the 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. 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, meaning that they may or may not occur.

Economic downturn

Economic and political conditions impact the way ICT operates. Its results depend on general economic conditions and can therefore be affected by a deterioration in conditions in its markets. In the second half of 2019 we saw this risk maturing as weaker market conditions, mainly in the industry, started to impact results as of the third quarter. This translated into lower productivity levels. Measures were taken to support recovery of the margins.

Cybersecurity

ICT's solutions are mostly embedded in the heart of its customers' operations. Cyber security can pose significant risks to both ICT and its customers. Risks involve issues such as privacy, phishing, cybercrime, internet fraud and even IT terrorism. ICT protects the privacy data it manages. Failure to do so could result in significant reputation risk. Furthermore, ICT runs the risk of being fined if it does not comply with the privacy legislation that came into effect in 2018.

Cybersecurity is vital to mitigate these risks, as are clear policies and procedures. Providing its services in accordance with accepted standards is embedded in the organisation as a regular process. ICT's Chief Information Security Officer (CISO) is responsible for developing a strategy and policies aimed at the implementation and monitoring of information security and data privacy. The CISO is responsible for information security for the entire group and plays a central role in managing all processes involved.

Our internal auditor also monitors progress in this field, with a number of audits performed in the past year also focusing on GDPR compliance and information security in a broader sense. Being already an integral part of our projects, security is nowadays seen as a separate deliverable by our customers.

Training and awareness

Creating awareness – not only among our own people but also among our customers – is vital to mitigate cybersecurity risks. A new awareness training tool is being implemented as a successor to the e-learning tool introduced in 2018. The new training is fully customised to the services ICT delivers to its customers. Therefore, employees are more inclined to participate in the awareness training. The training is less time consuming and is based on one theme every three months. Each module is concluded with a short test. Also, regular phishing tests are being conducted. The results of these tests show increased security awareness. This is also visible in the increased reporting of incidents, thus creating safer solutions and a safer working environment.

GDPR

Overall GDPR compliance is at an adequate level throughout the company but there is continued attention for improving. In 2019 a number of new steps were taken, for example updating corporate guidance and guidelines relating to GDPR at the Dutch entities, including data processing agreements between ICT entities to ensure the sharing of data between legal entities in compliance with GDPR requirements.

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 of an acquisition, the ultimate objective is to adequately integrate the company into the ICT Group. There is of course a risk of an undesired outflow of staff and drop in operational performance. In addition, market circumstances and forecasts may sometimes necessitate the impairment of goodwill on acquisitions.

International expansion

As ICT pursues a buy-and-build strategy, acquisitions are an integral part of its business model. Furthermore, the company defines internationalisation as one of its strategic spearheads. The acquisition of Additude in Sweden early 2019 was a major step in the international expansion. Despite the challenges surrounding the integration and span of control of international acquisitions, Additude was quickly integrated into the internal control framework with the uniform ICT reporting structure and became part of the management review process.

Mobility as a Service

Another acquisition in 2019 was BNV Mobility, one of the leading Business-to-Government and Business-to-Business smart mobility services firms in the Netherlands. The acquisition puts ICT in a leading position in this attractive growth market. The whole business model of Mobility as a Service is, however, relatively new. There is still a lot to be explored and sustaining a leading position requires significant investment. We closely monitor developments in periodic reviews and evaluations.

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 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.

New business development and models

Innovation is crucial for the future development of the company. The pace of 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 around 1.5% of the company's added value in research & development. ICT increasingly develops proprietary solutions. Own IP is an additional element that is part of these solutions. The establishment of OrangeNXT provides increased focus on Software as a Service offerings. This business model is robust and increases ICT's recurring revenue stream while also having a different dynamic and risk profile. The developments in Mobility as a Service also boost solutions offered 'as a service'. Furthermore, ICT is responding to the relatively new low-coding trend in software development, using its Motar solutions for the high-tech and automotive industries. We clearly see increased demand for these solutions.

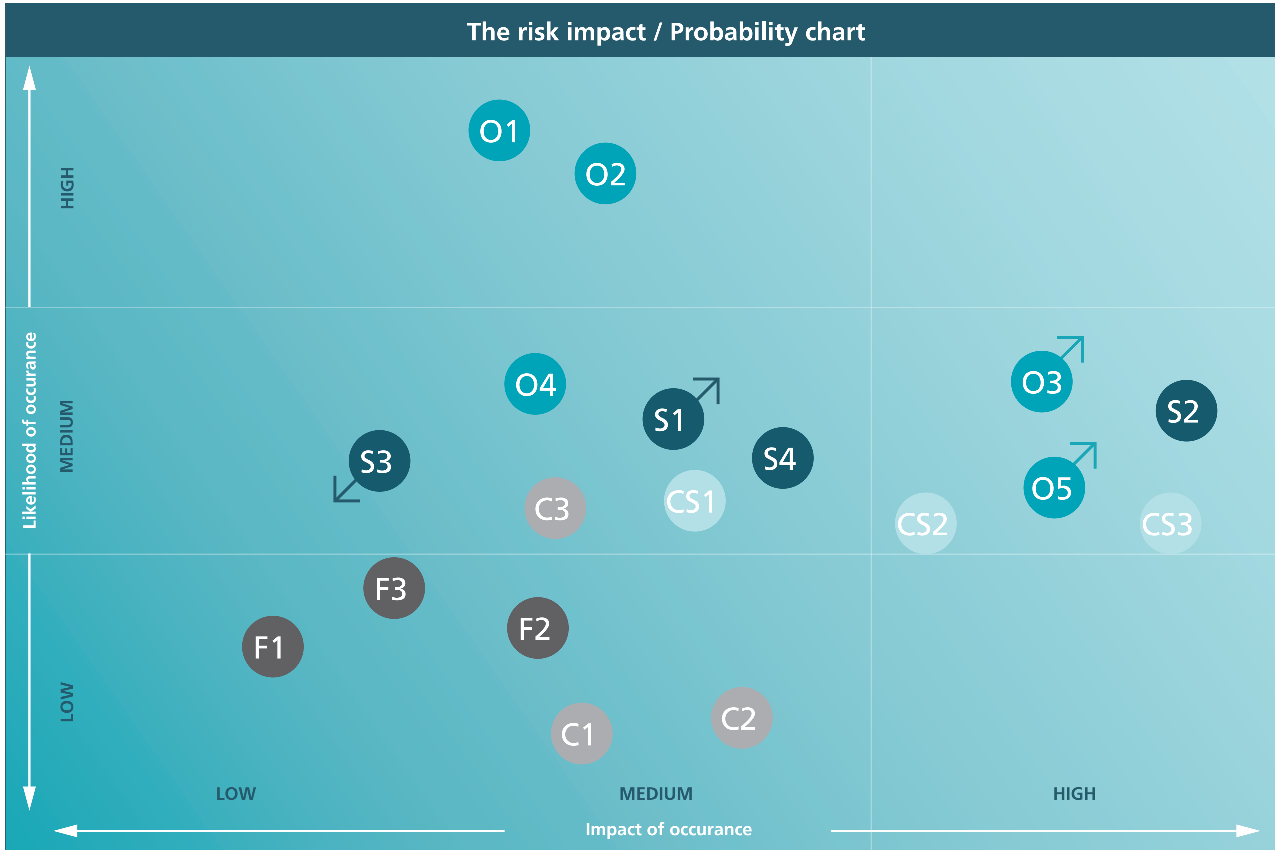
These initiatives bring broader opportunities but also carry a higher risk. Business models such as this require relatively more investment in software development than traditional business models. Also, more cash is required in the start-up phase and revenue is generated later in time. Given the company's restricted investment of around 1.5% of added value in Research & Development, ICT takes a prudent approach toward such investments.

Project control

Projects can be complex due to the scale, desired functionality, applied technology or involvement of several parties. This can result in financial risks on projects for which ICT Group bears result responsibility. ICT is constantly working to maintain an optimally functioning internal quality and control system in order 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 in increase 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. In 2019 we improved and expanded our project control system, including predictive controls on the performance of projects.

These developments and trends can also be seen in the following diagram:

Impact and trend risks in 2019



Strategic risks
S1: Sensitivity to economic cycles
S2: Speed of technological developments
S3: Multidimensional relationships
S4: New business development, including new business

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

Cybersecurity risks
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**

Principal risk areas

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

	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	Multidimensional relationships	• Limit the exposure to 1.5% of added value • Periodic monitoring of the mix and exposure to multidimensional relationships • Regular reviews with management of associated companies	Low to Moderate
S4	New business development, including new business models	• Apply lean start-up methodology with frequent reviews and interventions • Disciplined approach with start-ups • Close involvement of legal department and external legal advice where needed	Low to Moderate

	Key risks	Mitigation	Risk appetite
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 customer awareness 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
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 and joint ventures	• Prudent decision-making process in acquisition phase • Disciplined and standardised integration process, including connectivity to ICT's enterprise systems • Onboarding programme for new colleagues	Moderate
Cybersecurity risks			
CS1	Unauthorised access to ICT systems	• Continuously increase the resilience of ICT systems • Ongoing security testing • Ongoing awareness training and programmes for ICT staff	Low
CS2	Unauthorised access to customer systems (developed by ICT)	• Security & privacy protocols as integral part of delivery of systems • Increase customer awareness through training • ISO 27001 certifications	Low
CS3	Data breach	• Update and implementation of data breach and privacy policies • Clear procedures in place for data collection and storage • Ongoing awareness training and programmes on own platforms • Regular audits	Low

	Key risks	Mitigation	Risk appetite
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, for both acquisitions and working capital • Operate well within the covenants agreed with the banks	Low
F3	Credit risk	• New customers are vetted individually for creditworthiness, including external ratings • Global credit insurance for all group companies	Low
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 delegation levels of authority to sign policy	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

BLOG: **CHALLENGE YOURSELF AT ICT** GROUP

This is what drives me!

DANNY'S CHALLENGE:

EXCEED CLIENTS' EXPECTATIONS WITH OUR SELF-MANAGING TEAM

Danny Marsman, Software Designer

Six years ago, Danny joined ICT Group after graduation and he is still happy with that decision. For some time now, he and a number of his colleagues are being assigned as a permanent formation to big industrial projects.

"Our team is interdisciplinary and self-managing which makes us agile and flexible. We usually manage a complete project, from the initial conversation with the client to the design and implementation of the software applications, and finally the test phase and commissioning. Clients are often a bit sceptical when we arrive without a project manager.
But soon enough we'll exceed their expectations and they're convinced. Our team runs like clockwork."

Tissue technology

The team is currently working for an international manufacturer of industrial solutions for pharmaceutical and nuclear medicine. The assignment at hand is a software application for an incubator that makes bone and skin tissue. "It's not hard to imagine how precisely the production of tissue must be executed, a minor deviation in temperature or humidity can influence the quality of the product. We have designed an application that collects, saves and interprets all relevant data for the production process. As a result, the manufacturer of these machines can secure and guarantee the quality of the production process in which tissue is made to cure patients. The beauty is that the client was a bit doubtful about our team's method at first, especially because we weren't going to be on site all the time. Now, we're being presented as a success story towards their Italian headquarters because we delivered on time and within budget."

Comfort zone

As a software designer, Danny has knowledge of both PLCs and the programming language C#. That makes him quite unique, not only within his team. "I will take on any challenge, stagnation simply is not an option. Technology is developing fast and I want to keep up my knowledge and be capable of doing everything myself.
The organizational culture encourages a curious mind-set, I don't think I know any colleagues who aren't eager to learn new things. ICT stimulates you to try new things, even if you have no experience with it. Not only with regard to technology but also regarding communicative skills. There's a first for everything, for example having your first conversation with the client or going on your first trip to China to solve some problems on site. Perhaps you'll need to step out of your comfort zone, but the effort will empower you."

TAXES

Providing a fair-share tax contribution forms part of ICT Group's strategy and corporate social responsibility policy. The tax position of ICT Group reflects the normal conduct of our business and the geographical distribution of our activities. Tax is paid where economic activity and value creation occurs. The starting point is that we comply with relevant national and international laws and regulations. In our relationship with the tax authorities we strive to build mutually respectful relationships based on transparency and trust.

Tax principles and tax governance

The main principles of ICT Group's tax policy are as follows:

- the design of the ICT Group organisation is based on operational considerations, not on taxation;
- ICT Group pays taxes in line with the economic value created by its activities;
- ICT Group respects and complies with relevant tax legislation and regulations;
- ICT Group maintains timely, transparent and comprehensive communications with the tax authorities.

ICT Group is transparent about its approach to the payment of taxes and its tax position. We report our tax position in line with applicable national and international legislation. Intra-company services are settled on the basis of the at arm's length principle and international standards (such as OECD Transfer Pricing Guidelines). The transfer pricing system is documented, shared with the tax authorities and rolled out internally. Group Control is responsible for the assurance of the transfer pricing system and taxes in general. We closely monitor all new developments relating to relevant documentation requirements. Business unit managers are responsible for local compliance, including with tax legislation and regulations, supported where necessary by external advisors. Training is provided to employees to ensure that tax compliance is carried out with a suitable level of diligence and technical expertise.

The performance of the managers of the various ICT Group companies and business units is evaluated based on the operating results of their respective business entity. Taxes are not a factor in such performance evaluations.

Global tax contribution

The tax payments ICT Group makes are primarily corporate tax, dividend tax, VAT, payroll tax and social premium contributions. Results are recognised where ICT Group is legally registered, meaning that ICT Group pays corporate tax in the Netherlands, Belgium, Germany, France and Sweden. The ICT weighted average effective tax rate (ETR) of 23.5% over the past five years (27.4% excluding one-off accounting gains) underlines its commitment to corporate social responsibility in the domain of taxation. Information with respect to the reconciliation between the effective tax rate and the statutory tax rate can be found on page 147 of the financial statements.

Our global corporate tax contribution for 2019 amounts to € 2.4 million. These are cash taxes generated directly by our economic activity and value creation in each country and are a fair reflection of our tax footprint.

Relationships with tax authorities

ICT Group communicates with the tax authorities on the basis of reciprocal trust and transparency. ICT Group consults with the tax authorities periodically to discuss significant fiscal matters and developments. ICT Group consults with the tax authorities in advance with respect to significant fiscal matters, if such is deemed necessary. ICT Group currently has no agreements with the tax authorities in the context of so-called horizontal supervision but the group does operate on the basis of the same key principles. As a result we cooperate to resolve issues in a positive and professional manner.

Tax risk management

Tax-related risks are part of our internal risk management and control system. We see compliance with tax laws and regulations as a compliance risk and, as such, it is part of the ICT Group Risk Control Framework. As part of our risk management, tax risks and tax positions are discussed in the Executive Board and the Audit committee. The tax position presented in the financial statements is part of the audit process of the consolidated financial statements by the external auditor. ICT Group and the external auditor consult with each other in this context, and discuss any relevant transactions and the communications with the tax authorities.

EXECUTIVE BOARD 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; and
- 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 realisation 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 Dutch 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, the Netherlands, 27 February 2020

Executive Board
J.H. Blejie
W.J. Wienbelt

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HASSAN'S CHALLENGE:

IF EVERYBODY SAYS IT CAN'T BE DONE, I'LL KEEP LOOKING TO PROVE THE OPPOSITE

Hassan Abdou,
Senior Embedded Software Designer Automotive

Hassan has a passion for cars. At ICT Group, he combines this passion with another one: embedded software design. The automotive industry uses embedded software on a large scale to make cars smarter.

"The challenge for embedded software designers," says Hassan, "is to create the best possible output with very little space, memory and processing power at your disposal. Everything needs to function in the best possible way and there are hundreds of plausible solutions. Only one is the best, and I really enjoy these kind of puzzles."

International experience

"Graduating from university makes you knowledgeable in a way but in reality, you don't know anything yet. At my first job in Egypt, I learned a lot and gained some practical experience with AUTOSAR, an open software tool for ECUs (Electrical Control Units). At ICT, my first project was to design the embedded software for displays in high-end electrical cars. Our client was a major manufacturer of smart technology for the automotive industry. International experience was enriching for me both personally and as a professional, something my colleagues at ICT benefit from as well."

Embedded software for car displays

"My work consisted of programming car displays for both the driver's side and the passengers' side. Who stops to think about the implications of making a plastic screen understands that the touch of finger means a playlist should begin to play or the temperature must be adjusted? But it takes some serious programming to make a screen smart enough to recognize the touch of a human finger, acknowledge the touch with an acoustic feedback and then generate the requested output. The embedded software design for the two ECUs I was responsible for, communicates data through the entire vehicle to make it as smart as possible. Most people have no idea how much software programming goes into automotive design, but cars can't do without anymore. They wouldn't be as safe, economical and comfortable as they are today. It makes me proud to contribute to that."

Solution-oriented

"Nowadays, I work on a project for a Taiwanese manufacturer of displays. What makes this assignment interesting, is the fact that the client has no experience with AUTOSAR and I can share my knowledge with both the client and my ICT colleagues. We're designing displays for mainstream cars on a smaller production budget. This requires even more creativity and solution mindedness. That's what I like most about this project, especially when my colleagues think it can't be done within the planning and the budget. 'Just leave it to me' I'll say to myself and will not stop until I have figured it out."

CORPORATE GOVERNANCE

Introduction

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 Articles of Association and Executive Board regulations, which can be found on the Company's website.
In addition to legal regulations, these regulations describe the internal proceedings of the Executive Board.

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. The current Members of the Executive Board have been re-appointed at the 2018 AGM. 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. Following the 2019 AGM the Supervisory Board has three separate committees: the Remuneration Committee, the Selection and Appointment Committee and the Audit Committee. The Supervisory Board as a whole is responsible for the due execution of its supervisory tasks. The Supervisory Board acts in accordance with the Supervisory Board regulations that include a detailed description of its tasks and responsibilities. These regulations also contain the tasks and responsibilities of the abovementioned Committees 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 of Shareholders and the Works Council may recommend to the Supervisory Board persons for nomination as Supervisory Board members.
The Supervisory Board shall for that purpose inform the General Meeting of Shareholders 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, such as the latest extension for a two year tenure of Mr Van der Raadt, the chairman of the Supervisory Board, at the 2019 AGM. 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 will end by operation of law if the Company has not applied to the Enterprise Chamber to dismiss the member within one month after the commencement of the suspension.

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.

The Supervisory Board is assisted by the Company Secretary. The Company Secretary will 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 will, 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.

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 the Company's 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 15 May 2019 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 15 May 2019. 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 15 May 2019. This authorisation is limited to a maximum of 10% of the number of shares issued as of 15 May 2019, plus 10% of the issued capital in connection with or on the occasion of mergers, acquisitions or strategic alliances.

Stichting Administratiekantoor Participatieplan ICT (STAK)

ICT established 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 subject to a lock-up period of three years. 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. Shares purchased under the participation plan are administered by Stichting Administratiekantoor 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. The board of the STAK has three members. Member A is appointed by the Executive Board, member B is appointed by the Works Council and member C is appointed by members A and B together. As of 31 December 2019, the members were Mr. W.J. Wienbelt (Executive Board member), Mr. P. de Winter (chairman of the Works Council) and Mr. R. Spohr (legal counsel).

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 (Stichting) 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 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 2019, no protective preference shares had been issued. The Stichting has an independent board. As at 31 December 2019, 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. Mr. Plaizier announced his resignation effective as per 1 March 2020 and he will be succeeded by Mr. R. Munsters.

Adherence to the Dutch Corporate Governance Code

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 4.2.3.: Meetings between ICT Group and analysts, the press and / or investors will not be webcasted 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 educational background and professional experience, but also in terms of nationality, gender and age at all levels within the Company. The composition of both the Executive and Supervisory Board is diverse and is considered well balanced in terms of professional expertise and background, which has been further strengthened with the appointment of an additional Supervisory Board member at the 2019 AGM. There are currently no female members on the Executive Board and the Supervisory Board has one female member following the resignation of Mrs. Van der Werf effective per the end of 2019. Any recommendation to the General Meeting of Shareholders for appointments of Executive and Supervisory Board members takes into account experience, background and other diversity factors. ICT strives to have at least 30% female and 30% male representatives among the members of its Supervisory and Executive Boards. 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. ICT employs people from all over the world, covering almost 40 different nationalities, bringing a diversified range of cultures 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 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 Whistleblower 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 2019, 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 (‘Decree’, i.e. 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.

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
Member of the Supervisory Board of Koninklijke Brill NV
Member of the Supervisory Board of Shared Stories Group B.V.
Member of the Supervisory Board of Remeha Group B.V. (BDR Thermea)
Initially appointed in
2011
Re-appointed
2019
Current term until
2021

Name
Mrs. A.J.M. de Vries-Schipperijn (1968)
Nationality
Dutch
Position
EVP at Salesforce
Ancillary positions
None
Initially appointed in
2019
Current term until
2023

Name
Mr. D. Luthra (1950)
Nationality
Dutch
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
Mrs. G.A. van der Werf (1971)
Nationality
Dutch
Position
CEO at First Dutch Innovations
Ancillary positions
None
Initially appointed in
2018
Stepped down as per 31 December 2019

Name
Mr. W.N. van de Bunt (1961)
Nationality
Dutch
Position
Associate partner, Fortino Capital Partners
Main ancillary positions
None
Initially appointed in
2019
Current term until
2023

Mrs. A.J.M. de Vries-Schipperijn, Mr. D. Luthra, Mrs. G.A. van der Werf
Mr. Th.J. van der Raadt, Mr. W.N. van de Bunt

REPORT OF THE SUPERVISORY BOARD

We are pleased to present the 2019 ICT Group Supervisory Board report. 2019 was a year of two faces for ICT Group, with strong growth in the first half of the year and a second half in which weaker market circumstances impacted productivity. The underlying matters, its impact and the required response were main topics of discussion in the final months of the year.

We are seeing good development of the international expansion of the group and its strong position in Software as a Service (SaaS) solutions. We are pleased with the focused execution of the Group's multi-year strategy, as formulated at the end of 2018, as well as the measures the company is taking to further implement one way of working and thereby increase efficiency throughout the Group. Despite the current uncertain market developments we are still confident of achieving the mid-term objectives that were set for 2022.

Financial statements for 2019

The Supervisory Board reviewed and discussed the 2019 financial statements as prepared by the Executive Board in its meeting on 27 February 2020. The Audit Committee discussed the financial statements and audit findings in detail with the external auditor, PricewaterhouseCoopers, in its meeting of 20 February 2020. The Supervisory Board discussed the financial statements in the presence of the external auditor. Following the review of the Independent Auditor's Report issued by PricewaterhouseCoopers as well as its findings as summarised in a report to the Supervisory Board and the Executive Board, the Supervisory Board adopted the financial statements. The Independent Auditor's Report is presented on page 164 of this Annual Report.

The Supervisory Board recommends that the Annual General Meeting of Shareholders on 13 May 2020 adopt the financial statements for the 2019 financial year and discharge the Executive Board and the Supervisory Board for their management and supervision in the year under review.

Furthermore the Supervisory Board endorses the Executive Board's proposal to the General Meeting to distribute a dividend of € 0.30 per share for 2019. The dividend will be an optional dividend, payable in either cash or shares on 4 June 2020.

Supervisory Board activities in 2019

In the year under review the Supervisory Board held seven meetings in person, that were attended by the Executive Board, and four additional meetings were held by telephone. Four of the meetings in person were held at the office of ICT in Barendrecht and one at the Eindhoven office. Two meetings were held at other locations. All Supervisory Board members were present at every meeting, except for two which one member could not attend. Prior to each face-to-face meeting the Supervisory Board met in a closed session without the members of the Executive Board being present. Furthermore the Chairman held regular working meetings with the CEO, while the CFO and the Chairman of the Audit Committee also had regular working meetings. Individual Supervisory Board members contacted each other for updates and to consult if and when deemed useful. This was particularly the case for the two new members in the Supervisory Board, who had been briefed on specific matters relating to ICT.

Topics discussed

During the meetings in the autumn of 2019 the impact of weakening market conditions on ICT's productivity and margins was a major topic. The Supervisory Board members discussed the measures taken by the Executive Board (in close consultation with the cluster directors), to support a recovery of the margins. Throughout the year the M&A strategy and possible candidates and cases were also areas of specific attention.

The Supervisory Board devoted considerable time to discussing the Group's strategy and objectives with respect to long-term value creation as well as the execution and progress achieved with the Executive Board. During these sessions the Executive Board's leadership and ideas were tested and challenged by the members of the Supervisory Board in order to ensure that decisions were reached that underpin ICT's strategy and are aligned with the long-term value creation pursued by the company. These discussions also covered the progress achieved on the M&A paths. In this context the acquisition of Additude in Sweden, as part of ICT's international expansion strategy, as well as the acquisition of BNV in the promising field of Mobility as a Service were addressed. 2019 also saw the introduction of the Technology Advisory Council, a group of external highly experienced technological experts, to support the Executive Board and Supervisory Board by providing valuable market insights when charting and pursuing the strategic roadmap.

Attracting and retaining talent is certainly one of ICT's main priorities in the current challenging labour market. ICT's recruitment strategy was discussed as well as specific actions including online and offline targeting based on a solid content strategy and the organisation of events, also in cooperation with clients or business partners. The key findings of the annual employee satisfaction survey were discussed as well as areas of attention and improvement. In order to be thoroughly informed, the Supervisory Board invited the ICT Group HR director to participate in a meeting on these specific topics. The company's culture and inclusiveness were also topics that were discussed by the Supervisory Board.

Corporate governance-related topics, including general developments and trends as well as the implications of legislation, were also on the agenda. Other key topics throughout the year were ICT's financial performance, cash flow and working capital. The Supervisory Board had regularly scheduled meetings prior to the key reporting dates. Performance versus budget and the group's financial position were closely monitored and regularly reviewed. Changes in regulations and applicable IFRS standards (with specific attention for the impact of IFRS 16) were also discussed. The external auditor was present at all Audit Committee meetings and at the Supervisory Board meeting at which the full-year results were discussed. The follow-up and implementation of recommendations made by the external auditor were closely tracked and monitored.

Composition of the Supervisory Board and Executive Board

At the 2019 AGM Mr. Fröschl, whose second term ended in May 2019, resigned from the Supervisory Board while Mr. Van de Bunt and Ms. De Vries-Schipperijn were appointed to the Board for a period of four years until the AGM in 2023.
Furthermore Mr. Van der Raadt was reappointed for a two-year period until the AGM in 2021. Although Mr. Van der Raadt's second term ended on 15 May 2019, the Board felt it was important to extend his term by two years to safeguard sufficient continuity in the Supervisory Board and prevent a situation in which two of the four members would be stepping down simultaneously. His reappointment for a period of two

years is in line with the Dutch Corporate Governance Code. At the AGM the shareholders approved expanding the Supervisory Board to five members.

As of the AGM on 15 May 2019, ICT Group's Supervisory Board consisted of the following members: Theo van der Raadt (Chairman), Deepak Luthra, Gina van der Werf, Wouter van de Bunt and Angélique de Vries-Schipperijn.

In December 2019 Ms. Van der Werf informed the Supervisory Board that she would step down at the end of the year for personal reasons. The Board regrets her resignation but respects her decision and is thankful for her efforts and input. The search for a successor has commenced. Following the conclusion of his second term at the AGM on 13 May 2020, Mr. Luthra will resign from the Board at that date. Mr. Beeckmans has been nominated for appointment as member of the Supervisory Board at that AGM.

Profile and diversity

A description of the Supervisory Board's profile is available on the ICT Group website (www.ict.eu). If and when a vacancy becomes available the general profile may be expanded with a more detailed description of the required experience and background for a specific position to ensure that the Supervisory Board has the right experience and background to fulfil its tasks. The appointment of Mr. Van de Bunt brings further in-depth experience in strategic and financial areas relevant to the industry. The appointment of Ms. De Vries-Schipperijn brings broad and in-depth knowledge and experience in the field of strategic and technological developments. Both will be of great value to the Board.

The Supervisory Board currently consists of four members and has a vacancy. The members bring a broad range of skills and experience to the Board from a wide array of backgrounds and industries. ICT aims to achieve diversity not only in experience and background (including cultural background), but also in gender and age. When proposing appointments to the AGM, all these factors are taken into account. ICT strives for women to hold at least 30% of the positions on the Supervisory Board. Female representation was 40% but currently stands at 25% after the resignation of Ms. Van der Werf at the end of the year.

The aim for a diverse composition, including the specific gender composition target, also applies to the composition of the Executive Board and senior management. With the Executive Board consisting of only two positions and an industry in which female talent is still scarce, the 30% target will not easily be achieved. In view of the reappointments in May 2018 of Mr. Blejie and Mr. Wienbelt as CEO and CFO, respectively, for a period of four years and given that there is no intention to increase the number of Executive Board members, ICT does not expect to meet the 30% target at the level of the Executive Board in the coming years.

The Supervisory Board closely monitors the Executive Board's efforts towards fostering female talent across the group, encouraging women's networks and mentoring programmes, together with the promotion of gender equality in general. This fits ICT's policy to be an inclusive employer and our strong belief that diverse views and perspectives add value and are essential to drive innovation.

Corporate Governance

The Supervisory Board and the Executive Board, supported by the Company Secretary, share responsibility for ICT Group's corporate governance structure. At least once a year the Supervisory Board discusses the corporate governance rules applicable to the company and on possible changes.
The fact that a fifth member of the Supervisory Board

was appointed at the AGM meant that changes to the committee structure of the Supervisory Board had been proposed and implemented in line with the Dutch Corporate Governance Code. For further details please refer to the Corporate Governance section of this Annual Report.
The Supervisory Board confirms that all its members are independent as defined in best practice provisions 2.1.7 to 2.1.9. of the Dutch Corporate Governance Code. No member of the Supervisory Board holds more than five directorships at Dutch 'large companies', in accordance with section 2:142a of the Dutch Civil Code. There were no conflicts of interest in the year under review.

Quality of supervision

The Supervisory Board received all the information it required to fulfil its role effectively, both from senior management and the Executive Board. The COO of ICT Group usually accompagnied the CEO and CFO at each Supervisory Board meeting to provide an update on the operational performance of the various business units. Other key managers are generally present at least once a year on a rotating basis to expand on current developments and provide insights from their business units. The Executive Board and the Supervisory Board meet annually with the Board of the Stichting Continuïteit ICT.

There was one meeting at which the Supervisory Board met with the entire Works Council to discuss various matters as proposed by the Works Council, such as matters related to the international expansion of ICT and employee rewards and conditions. The specific topics discussed included the integration of foreign employees within ICT as well as job opportunities for ICT employees abroad in light of the further expansion to other European jurisdictions. Furthermore there were meetings between the Chairman and Vice-Chairman of the Supervisory Board, and the Chairman and Secretary of the Works Council to discuss progress on various initiatives and programmes. Also, introductory meetings were held with the proposed candidates for the Supervisory Board.

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 local office each year. In 2019 the Eindhoven office was visited.

The Supervisory Board members were provided with or proactively gathered relevant information from external third parties on general developments for listed companies, including corporate governance, risk management and accounting standards, as well as on technological, strategic and market developments in the ICT sector. An extensive onboarding programme was organised for both Mr. Van de Bunt and Mrs. De Vries-Schipperijn, including meetings with key staff members and business managers.

Evaluation

The performance of the Executive Board and its individual members, the Supervisory Board and its individual members and the committees were all evaluated during 2019. The Supervisory Board evaluated its own performance on the basis of the questionnaires as provided by an the external advisor who facilitated the evaluation in 2018. These extensive questionnaires were completed and individual input was received from all Supervisory Board and Executive Board members. The output was collated by the Company Secretary and subsequently shared with the entire Supervisory Board in a closed session.

The evaluation confirmed that the Boards and Supervisory Board committees in their new composition continued to function effectively. It also confirmed that discussions between the members of the individual Boards and between the Supervisory and

Executive Board members are open and respectful. The Boards share the view that the new composition of the Supervisory Board functions well.

Supervisory Board committees

The Supervisory Board, when consisting of four members, initially had an Audit Committee (AC) and a Remuneration and Appointments Committee (RAC). The AC is chaired by Mr. Luthra and the RAC was chaired by Ms. Van der Werf. To comply with the Dutch Corporate Governance Code the RAC was split up into two new committees, being the Remuneration Committee and the Selection and Appointments Committee. Mr. Van de Bunt replaced Mr. Van der Raadt on the Audit Committee. The Remuneration Committee consists of Ms. Van der Werf as chair and Ms. De Vries-Schipperijn. The Selection and Appointments Committee is chaired by Mr. Van der Raadt, with Ms. Van der Werf as the other member. An overview of the composition of the committees at the end of 2019 is presented below:

Committee	Chairman	Member
AC	Mr. D. Luthra	Mr. W. van de Bunt
RAC	Mrs. G.A. van der Werf	Mr. Th.J. van der Raadt

The RAC was split up at the first meeting following the 2019 AGM, resulting in the following new committees:

Committee	Chairman	Member
RC	Ms. G.A. van der Werf	Ms. A. de Vries-Schipperijn
SAC	Mr. Th.J. van der Raadt	Ms. G.A. van der Werf

Audit Committee

In the year under review the Audit Committee met four times with the CFO, the finance director, the CEO, the internal auditor and the external auditor attending all meetings. The Audit Committee also met with the external auditor without the Executive Board being present.

The Chairman of the Audit Committee reported verbally to the Supervisory Board members following the Audit Committee meeting on the principal issues discussed, the actions to be taken and the follow-up on these and any previously identified actions. The formal minutes of all AC meetings are distributed to the Supervisory Board members.

In the reporting year the Audit Committee reviewed and discussed the following matters:

- the 2018 annual results and the quarterly and half-year results for 2019;
- the 2018 consolidated financial statements and the 2018 Annual Report;
- the 2019 budget and the quarterly performance against the budget;
- the 2020 budget and 2021-2023 multi-year plan;
- the key findings of the due diligence conducted prior to acquisitions and the purchase price allocation following acquisition;
- the valuation and performance of acquisitions including the outcome of the required (annual) impairment tests;
- the application of accounting principles including the impact of changes in applicable IFRS standards;
- treasury and working capital management;
- the financing position and compliance with bank covenants;
- the design and effectiveness of the risk management and control system;
- the Group's susceptibility to fraud as well as its fraud risk assessment and mitigation procedures;

- the upgrade, if necessary, and implementation of the controls and risk mitigation procedures at the newly acquired subsidiaries to comply with the Group's risk control framework;
- the review of compliance with GDPR requirements and the measures to be taken;
- the review of the tax position including current developments;
- actual and/or potential legal claims and insurance matters;
- the External Audit plan: approach, scope and coverage and key audit matters;
- the role and performance of the external auditor; and
- the Internal Audit Plan for 2020 and the findings of the internal audits performed in 2019. The Internal Audit Plan for 2020 was adopted by the Audit Committee and subsequently approved by the Supervisory Board.

A significant number of the above matters were recurring items on the agenda. The Chairman of the Audit Committee met frequently with the CFO and the finance director to discuss all the above items in preparation for AC meetings.

REMUNERATION COMMITTEE AND SELECTION AND APPOINTMENT COMMITTEE

Introduction

At the 2019 AGM an additional member was appointed to the ICT Group Supervisory Board, increasing the number of Supervisory Board members from four to five. In line with best practice 2.3.2 of the Dutch Corporate Governance Code the Remuneration and Appointments Committee (RAC) was split into a Remuneration Committee (RC) and a Selection and Appointments Committee (SAC). Before the 2019 AGM the RAC held one meeting. Following the 2019 AGM the new committees each held two meetings.

Remuneration Committee (RC)

The RAC and subsequently the RC discussed the performance of the Executive Board members, also against the targets set and performance achieved in 2018. The committee set new targets for 2019 with respect to the short-term variable remuneration.

In a telephone meeting in February 2019 the RAC and the Chairman of the AC validated the financial aspects and methodology of calculation of the Short Term Incentive (STI) and Long Term Incentive (LTI) for the Executive Board members. The LTI calculations and the outcome hereof were based on the agreed methodology and validated by the external auditor PwC.

The Committee discussed the realisation of the Short Term Incentive for 2018 and discussed amendments to the qualitative bonus criteria for 2019. In light of the increasing importance of non-financial criteria in assessing the performance of a company, the RAC proposed to the Supervisory Board to alter the qualitative performance criteria used to determine the short-term incentive of the Executive Board members.

Also, the RC discussed the 2020 Balanced Scorecard parameters, especially the qualitative criteria, in light of the discussion mentioned above, to be used for coming financial year.

For a complete overview of the remuneration of the Executive Board and Supervisory Board members reference is made to the Remuneration Report on page 80 hereof and which document is separately available on the Company's website as well.

People are ICT Group's greatest asset and the scarcity of talent is one of the main strategic risks to the company. Employee satisfaction and talent recruitment are therefore very important topics for the RC and SAC. The results of the Employee Satisfaction Survey were discussed as well as employee rewards and conditions in a meeting with the Works Council attended by the Chair of the RC.

During the Supervisory Board meetings the Chair of the RAC/RC reported on the discussions held in the RAC/RC meetings. The discussion of the topics included decisions, action items and follow-ups. The minutes of each RAC/RC meeting were distributed to all Supervisory Board members.

Selection and Appointments Committee (SAC)

Succession planning for ICT Group and the associated management structure is a topic that is regularly discussed by the RAC/SAC. These discussions offer important insight for the Supervisory Board to assess the quality and growth potential of management in light of company targets.

Other topics discussed during the year under review included the composition of the Supervisory Board and its profile. In view of the proposed expansion of the Supervisory Board from four to five members in 2019 and the imminent retirement of Mr. Luthra at the AGM in May 2020, the RAC/SAC performed an extensive search for new members resulting in the nomination and the subsequent appointment of both Mr. Van de Bunt and Ms. De Vries-Schipperijn at the AGM in May 2019 as well as a proposal from the SAC to the Supervisory Board to nominate Mr. Beeckmans as a member of the Supervisory Board at the AGM in May 2020.
During the Supervisory Board meetings the Chair of the RAC/SAC reported on the discussions held in the SAC meeting. The topics discussed included decisions, action items and follow-ups. The minutes of each SAC meeting were distributed to all Supervisory Board members.

In conclusion

The members of the Supervisory Board wish to thank the employees of ICT Group and the Executive Board for their continued dedication and commitment to the company. The members would also like to thank the company's other stakeholders, including customers, business partners and shareholders, for their long-term relationship with and trust in the company.

Barendrecht, 27 February 2020

Supervisory Board
Th.J. van der Raadt (Chairman)
D. Luthra (Vice Chairman)
W. van de Bunt
A. de Vries-Schipperijn

REMUNERATION REPORT 2019

Remuneration Policy

This section provides an overview of the current remuneration policy of the Company. The Executive Board remuneration policy has been adopted by the General Meeting, most recently in 2017. In light of the recent implementation of the Shareholders' Rights Directive II in the Dutch Civil Code, a revised remuneration policy for the Executive Board will be will be proposed to the General Meeting at the 2020 AGM.[1)]

Objectives and principles of remuneration

The basic precept of the remuneration policy is that qualified members of the Executive Board must be recruited and retained based on terms in line with the market in order to safeguard ICT's long-term and short-term interests, to the extent possible. The remuneration policy fits the Company's culture and strategy by the choice of remuneration levels and remuneration components and by the performance criteria for the short-term and long-term incentives. This concept applies equally to the remuneration of the Supervisory Board members, with the exception of the short-term and long-term incentives.
Furthermore, the policy is directed at ensuring that the Executive Board members are not driven to take risks that do not fit the strategy and is oriented towards preventing Executive Board members from acting in their own interests at the expense of ICT and its shareholders. To achieve this, the variable part of the remuneration is kept in balance with the fixed part.

The internal pay ratio is also considered when determining the total remuneration. The remuneration of the members of the Executive Board is based on benchmarking with a wide reference group of companies consisting of publicly-listed companies that are comparable in terms of size and revenue, with international operations and with headquarters in the Netherlands.

The remuneration policy for the members of the Executive Board is adopted by the AGM based on a proposal by the Supervisory Board. The Supervisory Board determines the remuneration of the individual members based on a proposal by the Remuneration Committee, conforming with the established remuneration policy.

Peer group benchmark

The peer group comparison serves as an essential element to determine the overall competitiveness of the Executive Board's compensation.
At the request of the Company, the Dutch office of a leading rewards and benefits consultancy firm performed benchmark assessments for the positions of CEO and CFO against the established market reference group in 2016.

Market levels are reported at the 25th percentile ('P25'), median ('M') and 75th percentile ('P75') levels for the following compensation elements:

1) This remuneration report is considered to be the remuneration report (bezoldigingsverslag) as referred to in section 2:135b DCC and the remuneration report as referred to in clause 3.4 of the Dutch Corporate Governance Code.

1. Base salary
2. Short term variable remuneration ('STI', as a % of base salary)
3. Total Cash Compensation, at target ('TCC' = 1 + 2)
4. Long-term variable remuneration ('LTI', as a % of base salary)
5. Total Direct Compensation ('TDC' = 3 + 4)

The market levels and incentive percentages are rounded at € 5,000 and 5% respectively.

The established reference group also consisted of (then) somewhat larger companies to reflect the aspirations for growth of the Company in the (near) future.
For both the CEO and CFO, the proportion fixed versus variable remuneration adopted is comparable to that for the reference group.
For the CEO, the proportion short-term incentives versus long-term incentives is slightly less focused on LTI compared to the reference group. For the CFO, the proportion short-term incentives versus long-term incentives is comparable to the reference group.

The Supervisory Board intends to have the peer group assessment updated in the course of 2020, following the anticipated updated remuneration policy of the Company.

Remuneration package

The remuneration package pursuant to the current remuneration policy for the members of the Executive Board consists of the following components:

- a fixed remuneration consisting of a fixed management fee and a fixed amount to compensate for the cost of pension accrual as well as insurance for healthcare and occupational disability;
- a variable remuneration linked to short-term results (short-term incentive) in the form of a cash bonus for achieving the annual performance criteria; and
- a variable remuneration linked to long-term achievements (long-term incentive) in the form of a cash bonus depending on the increase in earnings per share.

By breaking down the remuneration into various components, the Supervisory Board strives to achieve a healthy balance between short-term and long-term aspects of 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 its risk profile.

Fixed remuneration

Members of the Executive Board receive a fixed management fee plus a fixed amount as compensation for the cost of pension accrual as well as the cost of insurances for healthcare and occupational disability depending on the specific agreement with the member of the Executive Board. The level of fixed remuneration remains unchanged for a number of years (albeit index linked). The adjustment to the fixed remuneration as a result of indexation is determined in December and comes into effect on 1 January of the following year.

Variable remuneration - Short-term incentive

The short-term incentive of a member of the Executive Board – to be awarded in the event that the performance criteria are met – amounts to 50% of the fixed management fee that was paid during the year. In the event that the criteria are exceeded, the short-term incentive can increase up to a maximum of 100% of the fixed management fee. If the performance criteria are not fully met but performance is above the pre-established threshold level, the short-term incentive can amount to 25 to 50% of the fixed management fee. No short-term incentive is granted if performance fails to reach the threshold level.

Each year the Supervisory Board determines the short-term incentive performance criteria for the following year and establishes the relationship between

the performance level and payment level in a graduated performance scale. The performance criteria are laid down in balanced scorecards.
Seventy per cent (70%) of the short-term incentive is linked to financial performance criteria and thirty per cent (30%) to other qualitative performance criteria, which are linked to the strategy of the company. For the financial targets, the Supervisory Board only uses the key figures that are most relevant to assess 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 with reference to the Company's audited financial statements submitted for adoption to the AGM.

The qualitative performance criteria for the 30% of the short-term incentive might vary from year to year. The extent to which these criteria are achieved is determined discretionally by the Supervisory Board on the basis of the measured data (where relevant, provided by independent external parties).

In case of exceptional circumstances, the Supervisory Board can exercise its discretion and decide to pay a higher or lower short-term incentive than the incentive that would result from using the previously determined criteria.

The short-term incentive is distributed after the AGM has adopted the financial statements relating to the performance year in question. Each member of the Executive Board must invest 33% of the short term variable remuneration in ICT shares (see below).

The Executive Board's balanced scorecard (BSC) also forms the basis for the bonus arrangements of the Group management executives and middle management levels and therefore helps to steer the performance of the Company in a coordinated, consistent manner throughout the Group.

Variable remuneration - Long-term incentive
The long-term incentive is linked to the increase in earnings per share and depends on the amount of 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 member of the Executive Board may be awarded a long-term cash bonus.

Based on the rules pertaining to the short-term incentive, each member 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 respective Executive Board member becomes entitled to the amount of the short-term incentive. Shares purchased must be kept for at least three years or until the end of the Executive Board member's appointment if this period is shorter. Accordingly, the lock-up period is never longer than the period of appointment.

In addition to this obligatory investment in ICT shares, each year the members of the Executive Board may each 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 rules if the investment is made within the two-month period that applies to the mandatory investment.

If during the three financial years after the base year the level of earnings per share has reached the set EPS target, the Company 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 to a maximum of 150% of the invested amount. If the target is not achieved, but earnings per share are 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. Based on the actual target realizations and the recent multi annual projections, the necessary provisions are formed to process the charge for the estimated cash bonusses for current vesting periods.

Balanced scorecard

The STI program provides for allocation of variable remuneration in cash based on the delivered year performance on the three financial and three qualitative criteria. The Supervisory Board each year determines the criteria, the relative weight of the criteria and the required minimum (threshold) target and maximum (ceiling) target. Criteria, weighting and required performance levels may therefore differ per year.
Each year the performance is assessed on each criterium. If the criteria are above threshold level, the performance outcome is converted to the corresponding level of benefit. In line with the Company's remuneration policy, the STI payment per criteria is dependent on the actual performance level per criteria:

- with achievement of targets in all six performance criteria, the STI payment equals to 50% of the fixed remuneration;
- at the threshold level will be paid half of it, so 25% of the fixed remuneration;
- at maximum level, the benefit is double the target value, so a full year's fixed management fee.

Share ownership

The Company does not have share ownership guidelines for the Executive Board members.
The number of (certificates of) shares and the (certificates of) shares under a lock up in accordance with the LTI plan held by the Executive Board members at the financial year ends 2019 and 2018 are shown in the following table.

Share ownership by Executive Board members	CEO	CFO
Number of shares 2019	43,944	25,857
Number of shares 2018	42,746	25,857
Number of shares in lock up	29,888	18,243

Scenario analysis

A scenario analysis of the possible outcomes of the variable components and the impact on the remuneration of the Executive Board members is conducted annually to i) minimise the risk that the performance criteria lead to inappropriate outcomes and to ii) assess the impact of the outcome on the remuneration of the respective member of the Executive Board, and the pay ratio within the company.

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

As part of the Remuneration policy the company is authorised to reclaim – in part or in full – the variable remuneration if the distribution was made on the basis of incorrect information about the achievement of the performance criteria or regarding the circumstances upon which the variable remuneration depended.

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 the Company 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.
A mutual notice period of six months shall apply. In the event that the Company serves a notice to terminate, the Company will pay the fixed management fee during the notice period as well as a severance amount equal to 50% of the annual fixed management fee.

Change of control

This specific element has not been included in the agreement 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 offer for the Company.

Loans

The company does not grant any personal loans or advances to or guarantees on behalf of the members of the Executive Board.

SUPERVISORY BOARD REMUNERATION

The remuneration for the members of the Supervisory Board was determined at the Annual General Meeting of Shareholders on 13 May 2015 and set for the period from 2015 to 2018 / 2019. Given the increased scale, growth and expansion of the Company and the commensurate increase in time spent by the Supervisory Board members and the fact that the remuneration had not been amended since 2015, an external advisor was engaged in 2018 to review the remuneration of the Supervisory Board in accordance with the Profile and requisite competencies. The assessment was based on a benchmark study and an assessment of the hours spent by the Supervisory Board members, in line with the Dutch Corporate Governance Code. Based on the conclusions of that assessment and following adoption by the General Meeting at the 2019 AGM of a new Supervisory Board and Committees remuneration, the current remuneration of the Supervisory Board members is as set out below.

Following the appointment of a fifth member of the Supervisory Board at the 2019 AGM, the Remuneration and Appointments Committee (RAC) has been split into two separate committees, being the Remuneration Committee and the Selection and Appointment Committee in conformity with the Corporate Governance Code. In 2019 the remuneration for the RAC members has been attributed to the members of the Remuneration Committee and no additional remuneration is being paid to the members of the Selection and Appointments Committee.

- a standard remuneration of € 45,000 per annum for the Chairman of the Supervisory Board;
- a standard remuneration of € 32,000 per annum for each member of the Supervisory Board;
- an additional remuneration of € 7,000 per annum for the Chairman of the Audit Committee;
- an additional remuneration of € 5,000 per annum for the Chairman of the Remuneration and Appointments Committee;
- an additional remuneration of € 5,000 per annum for each member of the Audit Committee;
- an additional remuneration of € 3,000 per annum for each member of the Remuneration and Appointments Committee; and
- an allowance of € 2,500 per annum for each member for general expenses.

Loans

The company does not grant any personal loans or advances to or guarantees on behalf of the members of the Supervisory Board.

REMUNERATION EXECUTIVE BOARD IN 2019

The remuneration in 2019, in accordance with the remuneration policy and taking into account a scenario analysis of possible outcomes, is focused to align the remuneration with the business strategy through the creation of specific short-term and long-term targets that link each Executive Board member’s variable pay to the success of the Company. As such both the short-term and long-term plans are linked to the business strategy and accordingly to longer term value creation and sustainability of the Company. Variable remuneration is higher when targets are exceeded and no variable remuneration is payable if threshold targets are not met. This helps to ensure the alignment of the Executive Board members' interests with that of the Company's stakeholders.

Fixed remuneration in 2019

The fixed management fee including indexation, in accordance with the remuneration policy, has been paid out as well as the pension contribution and costs for insurance, as described above.

Variable remuneration in 2019 – short term

The overall score for both members of the Executive Board on the performance criteria for the variable short-term incentive and the bonusses earned have been set out in the Balanced Scorecard for 2019 hereunder.

Balanced scorecard 2019

On target bonus full year 2019

Bonus Criteria		Weighting	Threshold Rate	Ceiling	Weighted Pay out percentage	Earned Bonus J.H. Blejie	Earned Bonus W.J. Wienbelt
1	**Financial Objectives**	**70%**					
1.1	Revenue ICT Group	25%	95%	110%	25%	**44,398**	**30,445**
1.2	EBITDA ICT Group	25%	90%	120%	0%	-	-
1.3	Operational cash flow	20%	80%	140%	20%	**35,403**	**24,276**
2	**Qualitative Objectives**	**30%**					
2	Qualitative Objectives	30%			25%	**44,623**	**30,599**
BSC realisation 2019 in %					70%	**124,425**	**85,320**

The same performance criteria have been applied to both members of the Executive Board in recognition of the fact that i) the members act as a team and ii) these criteria are applicable equally to both members. The Supervisory Board is of the opinion that no significant distinction can be made which would allow for a justified differentiation in the application of the variable remuneration criteria set for this year. Therefore, the outcome of all criteria leads to the same score percentage for both members.

Variable remuneration in 2019 – long term

The estimated amounts have been accrued but will be only 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. In 2019, no amounts have been paid to the members of the Executive Board related to the long-term incentive plan (2018: € 33,902 and € 22,437 to respectively the CEO and the CFO). The costs related to the long term incentive plan amounted to a negative € 84,460 in 2019 (2018: charge € 209,350). The related liability has been recognised under 'share-based compensation and long term incentive plan liabilities' in the consolidated balance sheet.

Pay ratio

Further to best practice 3.4.1 sub (iv) of the Dutch Corporate Governance Code, the remuneration of the CEO will be compared to the average remuneration of all direct FTEs with an employment contract based in the Netherlands. The total remuneration of the CEO includes the fixed management fee, the fixed amount to compensate for the cost of insurances for healthcare and occupational disability as well as for the cost of pension accrual and a company car. The total remuneration of the FTEs includes the fixed remuneration including employer costs of the fixed remuneration plus the cost of a company car and general expenses. Based on this calculation the pay ratio in 2019 is 5.3 and equals that in 2018 (5.3).

Additionally, a pay ratio has been calculated on the basis of the CEO's fixed management fee, the variable remuneration payable in 2019, the fixed amount to compensate for the cost of insurances for healthcare and occupational disability as well as for the cost of pension accrual and a company car. Based on this calculation the pay ratio is 6.3. (2018: 9.4).
The variable remuneration of the Executive Board members is lower in 2019, when compared to 2018, and reflects the Company's performance.

In the table on the next page remuneration developments over time are presented, related to company performance and employee pay developments.

Remuneration and Company performance over the last five reported financial years

Annual change		2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019
Executive Board members *							
Mr. J.H. Blejie	Actual change	(25,188)	3,410	152,171	(42,149)	(76,777)	532,125
	Relative change	-4.8%	0.7%	30.5%	-6.5%	-12.6%	
Mr. W.J. Wienbelt	Actual change	(20,549)	2,200	91,876	(6,539)	(44,337)	360,600
	Relative change	-6.1%	0.7%	28.7%	-1.6%	-10.9%	
Supervisory Board members **							
Th.J. van der Raadt	Actual change	6,250	3,750	-	2,563	(1,063)	46,500
	Relative change	17.9%	9.1%	0.0%	5.7%	-2.2%	
F.J. Froschl	Actual change	3,125	1,875	-	-	(18,750)	11,250
	Relative change	12.5%	6.7%	0.0%	0.0%	-62.5%	
D. Luthra	Actual change	3,125	1,875	-	-	1,875	37,875
	Relative change	10.1%	5.5%	0.0%	0.0%	5.2%	
G.A. van der Werf	Actual change				23,333	12,917	36,250
	Relative change						
W. van de Bunt	Actual change				-	23,125	23,125
	Relative change						
A. de Vries-Schipperijn	Actual change				-	21,875	21,875
	Relative change						
ICT Group Performance Measures							
Revenue	Actual change	8,744	17,942	15,260	24,865	25,615	155,469
	Relative change	13.9%	25.0%	17.0%	23.7%	19.7%	
EBITDA (pre-ifrs 16 comparison)	Actual change	2,485	3,154	1,702	1,476	(1,747)	11,727
	Relative change	53.4%	44.2%	16.5%	12.3%	-13.0%	
Operational cash flow	Actual change	3,189	660	746	4,920	6,070	19,253
	Relative change	86.9%	9.6%	9.9%	59.5%	46.0%	
Employees of the company ***	Actual change	13,826	(8,096)	2,499	2,891	361	
	Relative change	24.5%	-11.5%	4.0%	4.5%	0.5%	

* Totals include long-term variable remuneration for EB members which is based on 'actuals' for each year (not accrued company costs).
** The changes in Supervisory Board remuneration also reflect changes in committee memberships.
*** Average salary 2016 compared with 2015 is 11,5% lower due to fast growth of ICT Nearshoring (lower avarage salary) and mix effects (less years of experience).

Summarised overview of Executive Board remuneration policy of the Company and application in 2019

	Policy summary	Application in 2019 summary	Application in 2018 summary
Fixed management fee	Fixed management fee	CEO: € 357,700 CFO: € 245,280	CEO: € 350,000 CFO: € 232,500
	Indexation applied	Yes	Yes
Short-term incentive	Performance criteria (see BSC)	CEO: € 124,425 CFO: € 85,320	CEO: € 175,000 CFO: € 120,000
Long-term incentive	Earnings per share increase (yearly increase or decrease of necessary accrual)	CEO: -€ 53,197 CFO: -€ 31,263	CEO: € 130,256 CFO: € 79,094
Pension (including costs for insurances)	In addition to fixed contribution	CEO: € 50,000 CFO: € 30,000	CEO: € 50,000 CFO: € 30,000
Costs for insurances (not specifically agreed upon)	Included in fixed contribution for pension		
Total remuneration		**CEO: € 478,928** **CFO: € 329,337**	**CEO: € 705,256** **CFO: € 461,594**
Relative percentage of fixed and variable remuneration (pursuant to section 2:135b lid 3 sub b DCC)		CEO: fixed 65% and variable 35% CFO: fixed 65% and variable 35%	CEO: fixed 65% and variable 35% CFO: fixed 65% and variable 35%

Remuneration Supervisory Board in 2019

The total remuneration for members of the Supervisory Board in 2019 is as follows:

Members of the Supervisory Board	Remuneration [1] [2]	Comments
Mr. Th.J. van der Raadt, chairman	€ 46,500	Inclusive of RAC membership compensation [3]. Pro rata application of former Supervisory Board remuneration level and new remuneration level.
Mr. D. Luthra, vice-chairman	€ 37,875	Inclusive of AC Chairman compensation. Pro rata application of former Supervisory Board remuneration level and new remuneration level.
Mr. F. Fröschl	€ 11,250	Pro rata payment for the period up to AGM.
Mrs. G.A. van der Werf	€ 36,250	Inclusive of RAC Chairman compensation [3]. Pro rata application of former Supervisory Board remuneration level and new remuneration level.
Mr. W. van de Bunt	€ 23,125	Inclusive of AC membership compensation and pro rata payment for the period from AGM to 31 December 2019.
Mrs. A. de Vries-Schipperijn	€ 21,875	Inclusive of RAC member compensation and pro rata payment for the period from AGM to 31 December 2019.

[1] Excluding a yearly allowance of € 2,500 for general expenses.
[2] The whole amount of compensation for all Supervisory Board members is fixed remuneration.
[3] In 2019 the amounts available for the RAC members have been attributed to the members of the Remuneration Committee and no additional amount has been paid to the members of the Selection and Appointments Committee.

Remuneration policy going forward

In accordance with the implementation of the SRD II, the Company has prepared an amended Executive Board Remuneration Policy as well as a Supervisory Board Remuneration Policy going forward which will be proposed for approval as part of the agenda of the 2020 AGM.

CASE: **MAKING SOMETHING OUT OF NOTHING**

MAKING SOMETHING OUT OF NOTHING:

Vekoma makes experience tangible

Each year millions of people visit one of the amusement parks found throughout the world. These parks are a place where adults feel like young kids and where children push their boundaries. For an unforgettable day with the entire family or to stimulate the senses with G-forces. Whatever the ultimate ride may have been, there is a good chance it happened in the Netherlands. To be more precise, at Vekoma in Vlodrop in the Limburg region. And ICT Group has been contributing to the fun since 2017.

Vekoma and ICT Group came into contact through the grapevine nearly three years ago. It wasn't long after the first meeting between Marco Cremers (Unit Manager System Engineering at Vekoma) and Wijnand van Asseldonk (Business Unit Manager Industry at ICT Netherlands) that two engineers of ICT started working for Vekoma. It was the start of a growing collaboration. "Software is playing an

Marco Cremers,
Unit Manager System Engineering at Vekoma
Wijnand van Asseldonk,
Business Unit Manager Industry at ICT Netherlands

increasing role in an attraction," says Marco. "In the past the rides mainly used gravitational force, but nowadays the rides make use of a huge amount of software. To illustrate this: six years ago a large project involved two software engineers, today there's eleven engineers working on a project."

'Pleasure in creating exciting experiences'

ICT thoroughly understands what Vekoma expects from ICT's software engineers. Wijnand: "It is my role to suggest the right people, but from then onwards, it's up to the people themselves. They have to do the job." And they're doing a good job, considering the eleven ICT engineers who are currently working on projects, some of which are top-secret. What Vekoma needs is a special type of engineer. "And mind you, I don't mean that they have to be an absolute thrill seeker," Marco adds with a laugh, "although it helps if you have some affinity with rollercoasters. When you design an attraction, you need functional thinkers; engineers who believe that everything is possible, and if it's not, they make it. On the other hand, you also need engineers who reason entirely in the opposite direction. They are also indispensable. After all, nothing is allowed unless it is safe. The one engineer makes the impossible possible, whereas the other makes sure that everything is safe. Two opposites who have to be able to communicate well with each other, but also with the rest of the team. What's important is that there is a personal click; creating an attraction is real teamwork."
"This is one of Marco's strong points," says Wijnand. "Marco treats each team member in the same way, irrespective of whether you work for Vekoma or ICT. He really knows how to create a team."

No loopings without software

The software is invisible, but there's no way an attraction can move without software. "What makes an attraction work is the interaction between mechanics and controls. On the one hand there are the rails and the carriages – tonnes of steel – and on the other there's the software to make it work together. Gates that need to be closed, the safety bar, starting and braking, ensuring the right balance in the carriages – a single track can have 5,000 sensors or more." Of course safety is an extremely important aspect in making a ride, and that also requires a huge amount of technology. "There are two systems in a track. One arranges the controls and makes sure that everything moves and does what it should be doing. The second system monitors whether everything is doing what it is allowed to do. The safety system is in control and determines what happens. An attraction is nothing more or less than a machine. But whereas in a

"It is my role to suggest the right people, but from then onwards, it's up to the people themselves. They have to do the job."

Wijnand van Asseldonk, Business Unit Manager Industry at ICT Netherlands

normal machine you do everything to keep people out, we do the opposite and put them in. When a packet of butter falls off a belt, you just throw it out. But when you're dealing with people, you can't afford any mistakes and absolutely nothing is allowed to go wrong."

From feeling to machine

There are only a handful of attraction builders in the entire world. Vekoma specialises in challenging projects. Marco: "We literally make something out of nothing, that's our strength. The idea consists of a couple of scribbles or can be summarised in a single sentence. It's an experience, a feeling. And then we start looking around to see how we can create it. And that always requires a balance between what's technically possible and what gives the right feeling. Often we have to come up with our own ideas, so far the idea simply hasn't been thought of." Everyone, including ICT's engineers, are involved from the very first moment of the project. They brainstorm together and work towards a solution that as yet doesn't exist. "The impact of any decision you take now doesn't manifest itself until one or two years later. As a software engineer, you have to be able to oversee this timespan." Wijnand adds that both parties enrich each other. "ICT is also active in other lines of industry, so what can you learn from them? How can you translate this into a solution that is of use to Vekoma? On the other hand, we learn a lot from what we do at Vekoma. Yes, this collaboration really feels like a win-win situation."

BLOG: **CHALLENGE YOURSELF AT ICT** GROUP

This is what drives me!

MIDAS' CHALLENGE:

USING TECHNOLOGY IN EVEN SMARTER WAYS TO IMPROVE SAFETY EVERYWHERE

Midas Luijer, Safety and Security Consultant / NedMobiel

Safety and Security

"As a Safety and Security Consultant, I have several roles. For example, take the project I am currently involved in, the strengthening of the Houtribdijk. Rijkswaterstaat (the client) built this dam in the early seventies between the IJsselmeer and the Markermeer with a connecting road between Enkhuizen and Lelystad. The embankment no longer meets the standards of the Water Legislation and needs reconstruction on both sides. During the project, the Houtribdijk will stay open for traffic and recreation. I am the liaison between the client and the contractor in the areas of labour safety, traffic safety and nautical safety. The goal is to realise the most safe environment before, during and after the construction phase for the workers and the users of the dam."

Generalist

"Within my field of expertise, a lot of different specialisations and technologies come together but I am trained as a generalist. With my interdisciplinary background, I bring the specialists and technicians together to solve complex safety issues. On projects, it is my duty to guide the thin line between everybody's freedom to act and everybody's personal safety. This goes way beyond making people wear their mandatory safety helmets or reducing the speed limit for traffic; this is about human behaviour and communication. But I will never take the moral high ground because it's very important to not become the person of which colleagues think 'oh, it's him again'. Therefore, I spend a lot of my time on construction sites to collaborate with the workers on making safety something tangible. The rest of my time, I'm working with specialists to develop new safety products or I'm implementing safety policies at a management level. This variation makes my work very interesting. I see it as a great challenge to integrate safety in the DNA of the project, because at the end of the day we all want to come home safely."

A remarkable company

After studying Safety and Security Management, Midas could immediately start working as a consultant for NedMobiel in a team of four safety experts. Midas: "It shows what a remarkable company NedMobiel is. We are involved in complex and high profile infrastructural projects. The safety culture at construction sites is a very important theme for us and especially for our clients. More often than not, I have noticed that safety from the contractor's viewpoint is considered a burden, which leads to a gap between safety policy and everyday practice. That's why NedMobiel targets safety as a culture in everything we do."

Making safety smarter by the day

More than a year ago, NedMobiel joined ICT Group. "That created opportunities which give my field of expertise a huge boost. At ICT Group, there is a lot of knowledge to make all sorts of processes much smarter. Predictive Analysis is a tool with which physical safety can be increased, but it can also advance social safety at large gatherings. Take tunnel control, everyone has come across it at some point. There is no traffic jam, yet the signs restrict traffic speed in the tunnel to 70 or 50 km per hour. This measure is based on the principle that a traffic jam in a tunnel increases the risk of incidents which needs to be avoided at all times. With smart software, the number of traffic movements in the tunnel is analysed. When it becomes more crowded in the tunnel, the control system automatically kicks in to keep the traffic flow smooth. The same Predictive Analysis tools can be developed in cities and at events, the camera's are already everywhere so why not use them intelligently? If we can teach smart software to understand and predict human behaviour, we can increase social safety. For example, the vision system records a disruption in a continuous flow of people at a festival; this could very well indicate an emergency. The vision software automatically alarms and instructs the police or the festival crew. As a safety expert, I am convinced that in the near future we will apply more smart technology to do dangerous work. Smart technology can take over a lot of inspection and detection work, allowing us to improve both physical and social safety. I can't wait to see what drones will add to my field of expertise."

CONSOLIDATED FINANCIAL STATEMENTS 2019

CONSOLIDATED BALANCE SHEET

For the year ended 31 December

(x € 1,000)	Note	2019		2018	
Assets					
NON-CURRENT ASSETS					
Property, plant & equipment	7	3,655		4,018	
Right-of-use assets	8	13,134		-	
Goodwill	9	37,457		28,871	
Other intangible assets	10	21,251		16,594	
Investment in associates	12	912		1,159	
Deferred tax assets	13	373		266	
Other financial assets	14	1,590		210	
			78,372		51,118
CURRENT ASSETS					
Trade and other receivables	15	39,354		38,288	
Corporate income tax receivable		915		58	
Cash and cash equivalents	16	5,769		6,178	
			46,038		44,524
TOTAL ASSETS			**124,410**		**95,642**

(x € 1,000)	Note	2019		2018	
Equity and liabilities					
SHAREHOLDERS' EQUITY	17				
Issued share capital		956		946	
Share premium		14,194		14,204	
Currency translation reserve		91		95	
Legal reserve		7,371		2,172	
Treasury shares		(13)		(290)	
Retained earnings		28,767		26,765	
Net profit *)		2,618		9,391	
Attributable to shareholders of ICT Group N.V.		53,984		53,283	
Non-controlling interest		559		941	
			54,543		54,224
NON-CURRENT LIABILITIES					
Deferred tax liabilities	13	3,912		3,583	
Share-based compensation and long-term employee benefits liabilities	18	482		464	
Loans (long-term)	19	13,423		4,962	
Deferred acquisition consideration (long-term)	20	3,600		-	
Lease liabilities (long-term)	8	8,488		-	
			29,905		9,009
CURRENT LIABILITIES	21				
Trade payables		5,837		4,032	
Corporate income tax payable		86		1,075	
Other taxes and social security premiums		8,996		8,979	
Loans (short-term)	19	6,540		3,548	
Deferred acquisition consideration (short-term)	20	747		3,689	
Lease liabilities (short-term)	8	4,617		-	
Other current liabilities		13,139		11,086	
			39,962		32,409
TOTAL EQUITY AND LIABILITIES			**124,410**		**95,642**

*) The 2019 net profit includes € 679 thousand of one-off gains related to the dilution of the share in GreenFlux. These profits are non-cash items and are non-distributable profits under Dutch Law.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

(x € 1,000)	Note	**2019**	2018
Revenue	22	**155,469**	**129,854**
Cost of Materials and subcontractors		26,546	15,680
Employee benefit expenses	23	91,486	76,667
Depreciation and amortisation	7,8,10	11,582	4,950
Other operating expenses	25	20,911	24,033
Total operating expenses		150,525	121,330
Operating profit		**4,944**	**8,524**
Financial expenses	26	(1,124)	(886)
Financial income	26	104	261
One-off accounting gains	27	679	4,083
Result from joint ventures	11	-	58
Result from associates	12	(901)	(443)
Result before taxes		**3,702**	**11,597**
Income tax expense	28	(1,031)	(2,099)
Net profit		**2,671**	**9,498**
Other comprehensive income (loss), net of tax		(4)	-
Total comprehensive income		**2,667**	**9,498**

(x € 1,000)	Note	**2019**	2018
Net profit attributable to:			
• Shareholders of ICT Group N.V.*)		2,618	9,391
• Non-controlling interests		53	107
Total comprehensive income attributable to:			
• Shareholders of ICT Group N.V.*)		2,614	9,391
• Non-controlling interests		53	107
Earnings per share	29		
Basic earnings per share (in €)		0.27	0.99
Diluted earnings per share (in €)		0.27	0.99

*) The 2019 net profit includes € 679 thousand of one-off gains related to the dilution of the share in GreenFlux. The 2018 net profit included € 4,084 thousand of one-off gains related to the step-up accounting of InTraffic and the dilution of the share in GreenFlux. These profits are non-cash items and are non-distributable profits under Dutch Law.

There are no non-recyclable other comprehensive income items. The other comprehensive income items are fully related to currency translation adjustments.

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									
Balance at 31 December 2017*	**941**	**14,209**	**95**	**2,269**	**-**	**24,159**	**5,226**	**46,899**	**762**	**47,661**
Adjustment on initial application IFRS 15 (net of tax)	-	-	-	-	-	-	-	-	-	-
Adjustment on initial application IFRS 9 (net of tax)	-	-	-	-	-	21	-	21	-	21
Adjusted balance at 1 January 2018	**941**	**14,209**	**95**	**2,269**	**-**	**24,180**	**5,226**	**46,920**	**762**	**47,682**
Net profit	-	-	-	-	-	-	9,391	9,391	107	9,498
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	9,391	9,391	107	9,498
Dividends paid	-	-	-	-	-	(2,423)	-	(2,423)	(348)	(2,771)
Stock dividend charged	-	(871)	-	-	-	-	-	(871)	-	(871)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	556	556
Purchase of treasury shares	-	-	-	-	(932)	-	-	(932)	-	(932)
Sale of treasury shares	-	-	-	-	691	-	-	691	-	691
Step up acquisition (OrangeNXT)	-	-	-	-	-	(364)	-	(364)	(136)	(500)
Issuance of new shares	5	866	-	-	-	-	-	871	-	871
Transfers	-	-	-	(97)	(49)	146	-	-	-	-
Prior year result allocation	-	-	-	-	-	5,226	(5,226)	-	-	-
Balance at 31 December 2018	**946**	**14,204**	**95**	**2,172**	**(290)**	**26,765**	**9,391**	**53,283**	**941**	**54,224**

*) ICT Group N.V. has applied IFRS 16 at 1 January 2019 and IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative figures are not restated. See accounting policies.
**) The legal reserve as at 31 December 2018 includes € 2,172 thousand from capitalized intangible fixed assets (2017: € 1,225 thousand). The balance as at 31 December 2017 also included € 1,044 thousand from non-distributable profits from joint ventures.

Click here to view the entire table

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December

	Attributable to owners of the parent									
(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
Balance at 31 December 2018	**946**	**14,204**	**95**	**2,172**	**(290)**	**26,765**	**9,391**	**53,283**	**941**	**54,224**
Adjustment on initial application IFRS 16 (net of tax)	-	-	-	-	-	-	-	-	-	-
Adjusted balance at 1 January 2019	**946**	**14,204**	**95**	**2,172**	**(290)**	**26,765**	**9,391**	**53,283**	**941**	**54,224**
Net profit	-	-	-	-	-	-	2,618	2,618	53	2,671
Other comprehensive income	-	-	(4)	-	-	-	-	(4)	-	(4)
Total comprehensive income	-	-	(4)	-	-	-	2,618	2,614	53	2,667
Dividends paid	-	-	-	-	-	(2,345)	-	(2,345)	(208)	(2,553)
Acquisition of subsidiaries	-	-	-	-	-	224	-	224	(227)	(3)
Purchase of treasury shares	-	-	-	-	(304)	-	-	(304)	-	(304)
Sale of treasury shares	-	-	-	-	512	-	-	512	-	512
Issuance of new shares	10	(10)	-	-	-	-	-	-	-	-
Transfers	-	-	-	5,199	69	(5,268)	-	-	-	-
Prior year result allocation	-	-	-	-	-	9,391	(9,391)	-	-	-
Balance at 31 December 2019	**956**	**14,194**	**91**	**7,371**	**(13)**	**28,767**	**2,618**	**53,984**	**559**	**54,543**

*) The legal reserve as at 31 December 2019 includes € 4,083 thousand from one-off accounting gains (2018: € 0 thousand) and € 3,288 thousand from capitalized intangible fixed assets (2018: € 2,172 thousand).

Click here to view the entire table

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

According to the direct method (x € 1,000)	Note	2019	2019	2018	2018
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers	22	187,353		152,032	
Payments to suppliers and employees	23-25	(168,100)		(138,849)	
			19,253		13,183
Interest paid	26	(654)		(453)	
Income tax (paid) received	28	(4,169)		(1,618)	
			(4,823)		(2,071)
Net cash flow from operating activities			**14,430**		**11,112**
CASH FLOW FROM INVESTMENT ACTIVITIES					
Additions to property, plant and equipment	7	(1,011)		(1,277)	
Additions to software and product development	10	(2,320)		(1,454)	
Acquisition of subsidiaries (net of cash acquired)	3	(10,235)		(7,767)	
Payment of earn-out liabilities	20	(3,785)		-	
Additions to other financial assets	14	(1,367)		-	
Sale of subsidiaries	2	1,107		-	
Dividend received from joint venture	11	-		260	
Net cash flow from investment activities			**(17,611)**		**(10,238)**

According to the direct method (x € 1,000)	Note	2019	2019	2018	2018
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares of subsidiaries		-		372	
Purchase of treasury shares	17	(304)		(932)	
Re-issuance of treasury shares	17	512		691	
Proceeds from borrowings external loans	19	15,000		4,350	
Repayments of borrowings external loans	19	(4,947)		(2,656)	
Payment of lease liabilities	8	(4,936)		-	
Dividend paid to non-controlling interest	17	(208)		(348)	
Dividend paid to shareholders of ICT Group N.V.	17	(2,345)		(2,423)	
Net cash flow from financing activities			**2,772**		**(946)**
Net cash flow			**(409)**		**(72)**
Cash at bank and in hand (net) as at 31 December	16	5,769		6,178	
Cash at bank and in hand (net) at 1 January	16	6,178		6,250	
(Decrease) increase cash and cash equivalents			**(409)**		**(72)**

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: +00 31 (0)889082000
Fax: + 0031 (0)889082500

The consolidated financial statements of ICT Group N.V. for the year ended 31 December 2019 were authorised for issue by the Executive Board on 27 February 2020, were signed by the Executive Board and the Supervisory Board on 27 February 2020 and will be submitted for adoption to the General Meeting on 13 May 2020.

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 1,200 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 Group is globally active and operates from several locations in the Netherlands, Belgium, Bulgaria (Strypes) and Sweden (Additude). ICT Group is also active in Infra & Mobility (InTraffic), Testing and Training (Improve Quality Services), complex infrastructures (NedMobiel and Proficium) and Enterprise Mobility (OrangeNXT).

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 Netherlands B.V. (formerly:		
ICT Automatisering Nederland B.V.)	Barendrecht (the Netherlands)	100%
Improve Quality Services B.V.	Waalre (the Netherlands)	100%
ICT Nearshoring B.V.	Barendrecht (the Netherlands)	100%
Strypes Ltd.	Sofia (Bulgaria)	100%
Strypes Nearshoring Ltd.	Sofia (Bulgaria)	100%
Raster Beheer B.V. [4,7]	Dreumel (the Netherlands)	100%
Raster Industriële Automatisering B.V. [7]	Dreumel (the Netherlands)	100%
Raster Products B.V. (until 30 April 2019) [1]	Dreumel (the Netherlands)	100%
ICT Belgium BV (formerly: ICT Belgium BVBA)	Aartselaar (Belgium)	100%
ICT Germany GmbH (formerly:		
Raster Industrielle Automatisierung GmbH)	Essen (Germany)	100%
ICT Healthcare Technology Solutions B.V.		
(formerly: Buro Medische Automatisering B.V.) [2]	Houten (the Netherlands)	100%
BMA Belux BVBA [2]	Bellegem (Belgium)	100%
BMA France SAS [2]	Versailles (France)	100%
BMA Telenatal B.V. [2]	Houten (the Netherlands)	51%
OrangeNXT B.V.	Barendrecht (the Netherlands)	100%
NedMobiel B.V.	Breda (the Netherlands)	100%
InTraffic B.V. (as from 1 April 2018)	Utrecht (the Netherlands)	100%
ICT Motar B.V.	Barendrecht (the Netherlands)	50.1%
CIS Solutions GmbH	Ismaning (Germany)	66%
ICT Participations B.V.	Barendrecht (the Netherlands)	100%
Additude AB [3,10]	Malmö (Sweden)	70.55%
Additude Excellence AB [3,10]	Malmö (Sweden)	70.55%
Additude Innovation AB [3,10]	Malmö (Sweden)	70.55%
Additude Industry AB [3,10]	Malmö (Sweden)	70.55%
Additude B.V. [3]	Barendrecht (the Netherlands)	70.55%
New Mobility Ventures B.V. [4,8]	Breda (the Netherlands)	100%
BNV Mobility B.V. [4,8]	Breda (the Netherlands)	100%
Kodar Ltd. [5]	Plovdiv (Bulgaria)	100%
Proficium B.V. [11]	Breukelen (the Netherlands)	100%
Proficium OVK B.V. [11]	Breukelen (the Netherlands)	100%

Joint ventures and associates

ICT-Sensoria NL B.V.	Barendrecht (the Netherlands)	50%

Associates

LogicNets, Inc.	Washington D.C. (USA)	20%
GreenFlux Assets B.V. [6]	Amsterdam (the Netherlands)	14.67%
SpringRivet Holding B.V. [9]	Amsterdam (the Netherlands)	20%

1) At 1 May 2019 Raster Products B.V. has been sold.
2) At 25 June 2019 ICT acquired the remaining 49% of the shares and voting interests in BMA Medische Automatisering B.V. and its 100% subsidiaries BMA Belux BVBA, BMA France SAS ('BMA'). As a result the percentage of interest in BMA Telenatal B.V. changed from 26% to 51%. As per 14 October 2019 BMA Medische Automatisering B.V. is renamed to ICT Healthcare Technology Solutions B.V. ('IHTS').
3) At 23 January 2019 ICT acquired 70% of the shares and voting interests in Additude AB (Sweden) and its subsidiaries Additude Excellence AB, Additude Innovation AB, Additude Industry AB and agreed to acquire the remaining 30% in three tranches. Additude is consolidated as from 1 February 2019. At 11 June 2019 Additude AB has founded Additude B.V. (the Netherlands).
4) At 27 March 2019 ICT acquired 65% of the shares and voting interests in New Mobility Ventures B.V. and its subsidiary BNV Mobility B.V. and is consolidated as from 1 April 2019. At 30 July 2019 ICT acquired the remaining 35% of the shares and voting interest in New Mobility Ventures B.V. and its subsidiary BNV Mobility B.V.
5) At 16 April 2019 ICT acquired via Strypes EOOD 100% of the shares and voting interests in Kodar Ltd. and is consolidated as from 1 April 2019.
6) GreenFlux Assets B.V.: See note 12.
7) In 2019, a legal merger was filed for ICT Netherlands B.V. (surviving entity) and Raster Beheer B.V. and Raster Industriële Automatisering B.V. The legal merger has no financial impact under consolidated financial statements of ICT Group N.V. The merger became effective as of 1 January 2020.
8) In 2019, a legal merger was filed for InTraffic B.V. (surviving entity), New Mobility Ventures B.V. and BNV Mobility B.V. The legal merger has no financial impactunder consolidated financial statements of ICT Group N.V. The merger became effective as of 1 January 2020.
9) SpringRivet Holding B.V. was incorporated on 22 November 2019.
10) In 2019, a legal merger was filed for Additude AB (surviving entity), Additude Excellence AB, Additude Innovation AB and Additude Industry AB. The legal merger has no financial impact under consolidated financial statements of ICT Group N.V.. The merger became effective as of 1 January 2020.
11) At 2 November 2019 ICT acquired 100% of the shares and voting interests in Proficium B.V. and Proficium OVK B.V. and is consolidated as from 1 November 2019.

3. BUSINESS COMBINATIONS AND ACQUISITIONS OF SUBSIDIARIES

ACQUISITION OF 70% OF SHARES ADDITUDE

On 23 January 2019 ICT acquired 70% of the shares and voting interests in Additude AB and its subsidiaries Additude Excellence AB, Additude Innovation AB, Additude Industry AB and agreed to acquire the remaining 30% in three tranches as set out below. Additude is consolidated as from 1 February 2019. Additude, located in Malmö, Sweden, is one of southern Sweden's leading IT consulting firms. The company offers market-leading services within industrial innovation processes, project engagements and consultancy. Its customers include many of Sweden's largest and technology-intensive companies. With over 160 professionals Additude realises an annual turnover of around € 16 million. This acquisition perfectly fits ICT's international expansion strategy, in which the Northern European countries are defined as an important spearhead.

Consideration transferred

The following table summarises the acquisition-date fair value of the major class of consideration (to be) transferred.

(x € 1,000)	
Consideration transferred in cash	7,725
Deferred / contingent acquisition consideration	2,723
Total consideration transferred	**10,448**

Deferred acquisition consideration

The purchase consideration for 70% of the shares amounted to € 7,725 thousand transferred in cash at acquisition date. The remaining 30% will be acquired as follows:

- 8% of the shares, to be completed on 1 March 2021 for the discounted estimated amount on acquisition date of € 773 thousand;
- 8% of the shares, to be completed on 1 March 2022 for the discounted estimated amount on acquisition date of € 739 thousand; and
- 14% of the shares, to be completed on 1 March 2023 for the discounted estimated amount on acquisition date of € 1,211 thousand.

The discounted earn-out amount of € 2,723 thousand represents the fair value for the remaining shares as at the acquisition date.

Acquisition-related costs

The Company incurred acquisition-related costs including legal fees and due diligence costs. These costs were included in 2018 and in 2019 under 'other operating expenses'.

Identifiable assets acquired and liabilities assumed

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

(x € 1,000)	Carrying amount	Fair value adjustments	Recognised values
Intangible assets: Order Backlog	-	608	608
Intangible assets: Customer relations	-	3,207	3,207
Intangible assets: Brand name	-	680	680
Property, plant and equipment	6	-	6
Right-of-use assets	1,151	-	1,151
Cash and cash equivalents	1,122	-	1,122
Other current assets	3,473	-	3,473
Current liabilities (excluding lease liabilities)	(3,360)	-	(3,360)
Lease liabilities	(1,151)	-	(1,151)
Deferred tax liabilities	-	(1,020)	(1,020)
Total identifiable net assets acquired	**1,241**	**3,475**	**4,716**

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 states. 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 € 3,115 thousand, all of which was considered to be collectible at the acquisition date.

Fair values measured on a provisional basis

The fair value of the assets acquired and liabilities assumed at the acquisition date have been determined on a provisional basis. 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	10,448
Fair value of identifiable net assets	4,716
Goodwill	**5,732**

The goodwill is mainly attributable to the experienced workforce of Additude, the expected sales growth relating to the qualified workforce that fits in the ICT Group and potential for key strategic areas. None of the goodwill recognised is expected to be deductible for tax purposes.

Amortisation

Customer relations, brand name and order backlog have been identified and valued as a part of a Purchase Price Allocation exercise. The valuations are as following:

- Customer relations have been valued at € 3,207 thousand to be amortised over a period of 10 years as from acquisition date.
- Brand name has been valued at € 680 thousand to be amortised over a period of 10 years as from acquisition date.
- Order backlog has been valued at € 608 thousand and is fully amortised in 2019.

As a result, the total amortisation amounts to € 964 thousand in 2019 (€ 294 thousand on customer relations, € 62 thousand on Brand name, € 608 thousand on order backlog). The amortisation is not 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 taxes amounts to € 723 thousand in 2019.

Non-controlling interests

In the acquisition of Additude it is agreed that with regard to the 29.45% interest which is not held by ICT as at 31 December 2019 no dividends will be attributable to the owners of this interest if Additude is profitable, until ICT has acquired the 100% interest as disclosed in the notes 3 and 20. Therefore, the interest of 29.45% is not classified as a non-controlling interest as all risk and rewards are transferred to ICT.

ACQUISITION OF 100% OF SHARES KODAR

On 16 April 2019 ICT acquired 100% of the shares of Kodar Ltd. for a total consideration of € 798 thousand. The acquisition was paid in cash for € 358 thousand, a deferred acquisition consideration of € 153 thousand and a deferred contingent acquisition consideration of € 287 thousand.

The deferred acquisition consideration of € 153 thousand is for the remaining 30% of the purchase price and will be payable in the first half-year 2020 ultimately. The deferred contingent acquisition consideration of € 287 thousand will be payable in 3 tranches in May 2020, 2021 and 2022 depending on FTE growth criteria.

ACQUISITION OF 100% OF SHARES BNV

On 27 March 2019 ICT acquired 65% of the shares in New Mobility Ventures B.V., which has 100% of the shares in BNV Mobility B.V., for a total consideration of € 1,203 thousand. From the total consideration € 293 thousand was paid in cash and € 910 thousand as an assignment of a loan to New Mobility Ventures B.V.

On 30 July 2019 ICT acquired the remaining 35% of the shares in New Mobility Ventures B.V., for a total consideration of € 540 thousand which is paid in cash.

ACQUISITION OF 100% OF SHARES PROFICIUM

On 1 november 2019 ICT obtained 100% of the shares in Proficium B.V. and Proficium OVK B.V. for a total consideration of € 4,590 thousand.

Proficium has over 20 employees and generates an annual turnover of around € 3 million. With the existing water & infrastructure activities of ICT Netherlands and the acquisitions of NedMobiel and InTraffic, ICT is firmly positioned in the Dutch infra consultancy and engineering market. The specific skills of Proficium with regard to asset management and maintenance engineering further strengthen ICT's position in this market.

Consideration transferred

The following table summarises the acquisition-date fair value of the major class of consideration (to be) transferred.

(x € 1,000)	
Consideration transferred in cash	3,690
Deferred / contingent acquisition consideration	900
Total consideration transferred	**4,590**

Acquisition-related costs

The Company incurred acquisition-related costs including legal fees and due diligence costs. These costs were included in 2019 under 'other operating expenses'.

Identifiable assets acquired and liabilities assumed

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

(x € 1,000)	Carrying amount	Fair value adjustments	Recognised values
Intangible assets: Order Backlog	-	300	300
Intangible assets: Customer relations	-	1,355	1,355
Escrow Proficium	-	900	900
Property, plant and equipment	32	-	32
Right-of-use assets	297	-	297
Cash and cash equivalents	522	-	522
Other current assets	582	-	582
Deferred acquisition consideration	-	(874)	(874)
Current liabilities (excluding lease liabilities)	(285)	-	(285)
Lease liabilities	(297)	-	297
Deferred tax liabilities	-	(414)	(414)
Total identifiable net assets acquired	**851**	**1,267**	**2,118**

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 states. 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 € 576 thousand, all of which was considered to be collectible at the acquisition date.

Fair values measured on a provisional basis

The fair value of the assets acquired and liabilities assumed at the acquisition date have been determined on a provisional basis. 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	4,590
Fair value of identifiable net assets	2,118
Goodwill	**2,472**

The goodwill is mainly attributable to the experienced workforce of Proficium, the expected sales growth relating to the qualified workforce that fits in the ICT Group and potential for key strategic areas. 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. The valuations are as following:

- Order backlog has been valued at € 300 thousand to be amortised over a period of one year as from acquisition date.
- Customer relations have been valued for € 1,355 thousand to be amortised over a period of 8 years as from acquisition date.

As a result, the total amortisation amounts to € 78 thousand in 2019 (€ 28 thousand on customer relations and € 50 thousand on order backlog). The amortisation is not 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 taxes amounts to € 59 thousand in 2019.

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
ICT's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and also comply with Part 9 of Book 2 of the Dutch Civil Code. The accounting policies applied by ICT comply with IFRS and the pronouncements of the International Financial Reporting Interpretation Committee (IFRIC) effective at 31 December 2019.

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. ICT Group has initially adopted IFRS 16 'Leases' from 1 January 2019. A number of other accounting policies are effective from 1 January 2019, but they do not have a material effect on the ICT Group's consolidated financial statements.

IFRS 16 'Leases'
The group has adopted IFRS 16 'Leases' from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. There is no impact on the retained earnings as the right to use asset is set equal to the lease liability.

Adjustments recognised on adoption of IFRS 16
On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 0,95%.

The reconciliation of the operating lease commitments as at 31 December 2018 and the lease liabilities as at 1 January 2019 can be explained as follows:

(x € 1,000)	
Operating lease commitments disclosed as at 31 December 2018	17,687
Of which are:	
Lease components	12,455
Non-lease components	5,232
Discounted lease components using the lessee's incremental borrowing rate as at 1 January 2019	12,346
Add: adjustments as a result of a different treatment of extension and termination options	552
Lease liability	**12,898**
Of which are:	
Lease components	4,192
Non-lease components	8,706

On adoption of IFRS 16, the right-of-use assets are measured at an amount equal to the lease liability. The recognised right-of-use assets relate to the following types of assets:

(x € 1,000)	**1 January 2019**
Properties	8,364
Lease cars	4,351
Other	183
Total right-to-use assets	**12,898**

Practical expedients applied

In applying IFRS 16 for the first time, the group has used the following practical expedient permitted by the standard: the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

ICT Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17.

Accounting policies

ICT Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the group's accounting policies.

Right-of-use assets are measured at cost comprising of the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Depreciation on right-of-use assets 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:

- Properties 3-10 years
- Cars 3-5 years
- Other 4 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or an appropriate change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

ICT Group has applied judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee; exercising that option.

Payments associated with leases of low-value assets are recognised on a straight line basis as an expense in profit or loss. Low value assets (< € 5.000) comprise IT-equipment and small items of office furniture.

(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 2021, and have not been applied in the preparation of these consolidated financial statements. These relevant amendments pertain to:
- Amendments to IFRS 3, 'Business Combinations', definition of a business;
- Amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors' definition of material; and
- Amendments to the Conceptual Framework.

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

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 2019 to provide additional and more relevant information. Certain comparative amounts have been reclassified to adhere 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 IFRS 9, 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. 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 36 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 which are not part of the net investment. 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 IFRS 9. 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 9.

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 fifteen years from the acquisition date.

Brand names

Brand names 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 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 has 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 and Measurement

Initial recognition of financial assets is fair value. In order to determine the classification and subsequent measurement of the financial assets, the business model and contractual cash flow characteristics of the financial asset need to be taken into account.

(Convertible) loans are initially recognised at fair value including transaction costs, if any. Subsequently, depending on the business model and SPPI. (Convertible) loans are measured as follows:

- (convertible) loans that are held-to-collect and pass the SPPI test are measured at amortised cost;
- (convertible) loans that fail the SPPI test irrespective of the business model are measured at fair value through profit and loss. Potential embedded derivatives included the (convertible) loan shall not be bifurcated and the value of the option is included in the fair value determination.

The valuation technique used to value the convertible loans at fair value through profit and loss is the discounted cash flow analysis. All of the fair value estimates are included in level 3 of the fair value hierarchy.

Recognition

Financial assets are recognised on the balance sheet when and only when ICT becomes a party to the contractual provisions of the transaction, which are amount owed to ICT.

(Convertible) loans that ICT issued are recognised when issued. On initial recognition the (convertible) loans need to be classified into a financial asset category.

4.11 IMPAIRMENT OF FINANCIAL ASSETS

The group has the following types of financial assets that are subject to IFRS 9's new expected credit loss model:
- trade receivables;
- debt instruments carried at amortised cost.

For trade receivables, the group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. If the doubtful debtor's provision based on the measurement of possible default events within the 12 months after reporting date is higher than the doubtful debtor's provision based on the lifetime expected credit losses derived from historic credit losses in the past 3 years, ICT records the doubtful debtor's provision based on the measurement of possible default events within 12 months after reporting date.

ICT assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For the credit risk disclosure see note 6.

4.12 TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value. The fair value on initial recognition is the transaction price – i.e. the fair value of the consideration to be received being the cash amount to be received from the debtor. Subsequently, trade receivables are measured at amortised cost using the effective interest rate method less provision for impairment. If ICT recovers any amount that have been previously written off as uncollectable, then the amount is recognised in the income statement. Trade and other receivables are derecognised when the associated benefits have been realised. For example, ICT receives cash in settlement of the receivable and has no longer any rights to receive additional cash, the receivable is derecognised.

4.13 INVENTORIES

Finished goods are stated at the lower of cost and net realisable value. The costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.14 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'.

4.15 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.

The currency translation adjustment reserve is part of the legal reserves and therefore not distributable.

4.16 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.

4.17 DEFERRED ACQUISITION CONSIDERATION

The deferred acquisition consideration comprise payable acquisition considerations based on purchase agreements closed and are recognised against fair value and subsequently measured at amortised cost using the effective interest method.

4.18 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.

Equity 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 equity 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 equity 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 equity participation plan.

4.19 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 realised 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.

4.20 EMPLOYEE BENEFITS

All pension plan of the ICT Group qualifies 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.

4.21 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.

4.22 LEASES

Until 31 December 2018, the Group classified leases as operating leases under IAS 17. 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.

4.23 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.

4.24 REVENUE RECOGNITION

Revenue is measured at the transaction price of the performance obligation satisfied and represents amounts receivable for services and goods provided, stated net of discounts and value added taxes.

The Company recognises revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer.

ICT recognises revenue upon the satisfaction of performance obligations, which occurs when control of the good or service transfers to the customer. Control can transfer at a point in time or over time. Control refers to the customer's ability to direct the use of, and obtain substantially all of the remaining benefits from, an asset. It also includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

For the recognition of the performance obligations at a point in time or over time, ICT first evaluates at inception of the contract whether it transfers control over time, and if not, then it transfers control at a point in time. If one of the criteria of IFRS 15.35 is met, then control is transferred over time and hence revenue is recognised according to the pattern of transfer of control. Based on ICT's project portfolio all criteria as recorded in IFRS 15.35 are applied.

For each performance obligation that is satisfied over time, ICT applies a single method of measuring progress toward complete satisfaction of the obligation; the input method.

For fixed price projects this would generally result in the following costs incurred:

i) Labour: based on actual time (hours) spend ,
ii) Materials and licenses: based on costs incurred once installed or delivered to the customer (materials and licenses not yet installed or delivered are recorded as inventory). In addition cost of materials and licenses that have been delivered to the client, but have not yet been installed, used or applied during the contract performance are excluded from the progress calculation (cost-to-cost), unless these materials and licenses are specially for the contract (e.g. everything that cannot be used in another contract).

Progress is measured based on costs incurred for hours spent and materials and licenses delivered, compared to the total estimated costs of the project. To determine revenue for the current period, revenue recognised in previous periods is deducted from revenue as calculated above. The actual cost for hours spent is the actual hours at the actual hourly rate of the respective employee.

For time and material projects revenues are recognised in the accounting period in which the hours are made and control over the materials is transferred.

Service revenues are recognised in the accounting period in which the services are rendered.

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

In case of fixed-price projects, the customer pays the fixed amount based on a payment schedule. If the related services rendered by the company exceed the payment, revenue to be invoiced ('the contract assets') is recognised. If the payments exceed the related services rendered, a contract liability is recognised.

Some contracts include multiple deliverables, such as delivering a software solution and maintenance. The maintenance could be performed by another party separate from the delivering of the software solution. Therefore, the maintenance is accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Revenue recognition for licenses which are not part of a fixed price project or are a separate performance obligation is assessed on an individual basis. Revenues of right to use licenses are recognised at a point in time. Licenses based on in- or outputs (e.g. per week, month, quarter, year) are recognised overtime.

4.25 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.

4.26 DEPRECIATION AND AMORTISATION

Depreciation of property, plant and equipment and amortisation of intangible assets other than goodwill (software and licenses, customer relations, order backlog, brand names 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.

4.27 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.

4.28 DIVIDEND INCOME

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

4.29 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.

4.30 RESULT FROM JOINT VENTURES

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

4.31 RESULT FROM ASSOCIATES

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

4.32 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 and corporate income tax are included in the cash flows from operating activities. Dividends paid 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 (over time recognition) requires the Company to measure the progress of 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. ICT applies a single method of measuring progress toward complete satisfaction of the obligation; the input method.

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 9 for information on goodwill impairment tests and key assumptions used.

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 2019
Interest rate	+ 250 bps	+ € 0.2 million	Financial charges	Average net debt 2019

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 except for Bulgaria and new acquired group company Additude AB in Sweden. The Company's results are 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 13% and 15% (2018: 13% and 15%) 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 15 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 2019 ICT extended its credit facilities from € 23.5 million to € 40.0 million in total. The working capital credit facility (facility A) is € 12.5 million (2018: € 10.0 million) and the acquisition credit facility (facility B) € 25.0 million (2018: € 11.0 million). The guarantee facility is unchanged € 2.5 million.

At year-end 2019 ICT had called on the acquisition facility (facility B) for the amount of € 20.0 million (31 December 2018: € 8.5 million) and had not used the working capital credit facility (facility A).

The covenant requirements include a Senior Net Debt to EBITDA ratio (max. 2.5), an asset cover test, a revenue cover test and a clean down period of three consecutive business days per year. In 2019 and as per 31 December 2019, 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 2019**
(x € 1,000)	**Less than 3 months**	**3 months to 1 year**	**1-5 years**
Trade payables	5,837	-	-
Corporate income tax payable	86	-	-
Other taxes and social security premiums	8,996	-	-
Deferred acquisition consideration *)	-	1,040	4,391
Other current liabilities	-	13,139	-
Acquisition financing (Long and short term loans) *)	1,709	5,091	13,737
Total	**16,628**	**19,270**	**18,128**

Financial liabilities			31 December 2018
(x € 1,000)	Less than 3 months	3 months to 1 year	1-5 years
Trade payables	4,032	-	-
Corporate income tax payable	1,075	-	-
Other taxes and social security premiums	8,979	-	-
Deferred acquisition consideration *)	-	3,697	-
Other current liabilities	-	11,086	-
Acquisition financing (Long and short term loans) *)	923	2,746	5,064
Total	**15,009**	**17,529**	**5,064**

*) 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:

			2019			2018
(x € 1,000)	**Computer equipment**	**Other tangible fixed assets**	**Total**	Computer equipment	Other tangible fixed assets	Total
Cost						
1 January	**3,228**	**4,777**	**8,005**	**1,762**	**2,966**	**4,728**
Arising on acquisition	22	141	163	1,570	1,253	2,823
Divestments	(34)	(24)	(58)	(794)	(29)	(823)
Additions	606	402	1,008	690	587	1,277
31 December	**3,822**	**5,296**	**9,118**	**3,228**	**4,777**	**8,005**
Accumulated depreciation						
1 January	**(1,677)**	**(2,310)**	**(3,987)**	**(839)**	**(976)**	**(1,815)**
Depreciation (arising on acquisition)	(6)	(84)	(90)	(1,153)	(642)	(1,795)
Divestments	10	18	28	793	29	822
Depreciation	(577)	(837)	(1,414)	(478)	(721)	(1,199)
31 December	**(2,250)**	**(3,213)**	**(5,463)**	**(1,677)**	**(2,310)**	**(3,987)**
Net book value 1 January	**1,551**	**2,467**	**4,018**	**923**	**1,990**	**2,913**
Net book value 31 December	**1,572**	**2,083**	**3,655**	**1,551**	**2,467**	**4,018**

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. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group leases buildings, IT equipment and cars. The lease of buildings typically run for a period between 5 and 10 years, with an option to renew the lease after that date. Lease payments are renegotiated by every renewal to reflect market rentals. The lease of buildings provide for additional rent payments that are based on changes in local price indices.

The car lease typically run for a period between 3 and 5 years. The car lease provide for additional payments that are based on deviations from the original average number of kilometres of the car lease and changes in local price indices related to insurance and replacement transport.

Payments associated with leases of low-value assets are recognised on a straight line basis as an expense in profit or loss. Low value assets comprise IT-equipment and small items of office furniture.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets				**2019**
(x € 1,000)	**Properties**	**Lease cars**	**Other**	**Total**
Carrying amount at 1 January	**8,364**	**4,351**	**183**	**12,898**
Additions to right-of-use assets	2,107	3,431	121	5,659
Depreciation charge for the year	(2,069)	(2,664)	(69)	(4,802)
Derecognition of right-of-use assets	(226)	(389)	(6)	(621)
Carrying amount at 31 December	**8,176**	**4,729**	**229**	**13,134**

Lease liabilities (x € 1,000)	**31 December 2019**	1 January 2019
Non-current liabilities	8,488	4,192
Current liabilities	4,617	8,706
Total lease liabilities	**13,105**	**12,898**

At 31 December 2019 the non-current liabilities pertains € 1.0 million longer than 5 years.

Amounts recognized in profit or loss (x € 1,000)	**2019**
Leases under IFRS 16	
Interest on lease liabilities	57
Expenses related to short-term leases	140
Expenses related to low value assets, excluding short-term leases	74
Operating leases under IAS 17	**2018**
Lease expense	7,487

Amounts recognized in statement of cash flows Lease liabilities (x € 1,000)	**2019**
Total cash outflow for service costs related to leases	3,203
Total cash outflow for payment of lease liabilities	4,936
Total recognised in statement of cash flows	**8,139**

Extension options

Some property leases contain extension options exercisable by the Group. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors.
The Group assesses at each external reporting date whether it is reasonably certain the extension options will be exercised.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of € 833 thousand.

9. GOODWILL

The movements in goodwill can be summarised as follows:

(x € 1,000)	2019	2018
At 1 January		
Cost	34,951	28,388
Accumulated impairment	(6,080)	(6,080)
Net book value	**28,871**	**22,308**
Movement in cost		
Arising on acquisition	9,063	6,563
Divestment	(477)	-
	8,586	**6,563**
Impairment losses		
Impairment charges	-	-
	-	**-**
At 31 December		
Cost	43,537	34,951
Accumulated impairment	(6,080)	(6,080)
Net book value	**37,457**	**28,871**

The goodwill arising on acquisitions in 2019 pertains to € 5,732 thousand Additude Sweden, € 199 thousand BNV, € 485 thousand Kodar, € 175 thousand UP2 and € 2,472 thousand Proficium. The divested goodwill in 2019 pertains to the sale of Raster Products B.V.

The goodwill arising on acquisitions in 2018 pertains to € 1,751 thousand NedMobiel B.V., € 4,400 thousand InTraffic B.V., € 348 thousand for the activities of CIS Solutions GmbH and € 64 thousand for the activities of ICT Motar B.V.

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. Compared to previous year the CGU identification has changed in line with the change of the Company's operating segment's as the Company's management monitors goodwill on cluster level instead of legal entity level. The reason for the change in the Operating Segments is disclosed in note 22. The following CGUs have goodwill allocated as at 31 December 2019:

Goodwill (x € 1,000)	**31 December 2019**	31 December 2018
Engineering R&D	3,516	3,516
Industrial Automation	10,331	10,808
Infra / Mobility	11,279	8,609
Healthcare Technology	2,329	2,329
Bulgaria	1,670	1,009
Sweden	5,732	-
Other	2,600	2,600
Clusters consolidated	**37,457**	**28,871**

The aggregated goodwill reported under 'Other' amounting to € 2.6 million mainly relates to Improve (€ 2.2 million). The remaining amount relates to other individual legal entities which are considered as a separate CGU for goodwill impairment testing. Impairment testing for these entities did not result in an impairment.

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 or nine-year business and financial plan with 2019 as the first year. Cash flows beyond this period 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 below.

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:

	Engineering R&D	Industrial Automation	Infra / Mobility	Healthcare Technology Solutions	Bulgaria	Sweden	Other
WACC pre-tax: 2019	12.8%	12.8%	12.8%	12.8%	13.5%	16.8%	12.8%
WACC pre-tax: 2018	13.1%	13.1%	13.1%	13.1%	13.3%	n.a.	13.1%
WACC post tax: 2019	10.0%	10.0%	10.0%	10.0%	12.1%	13.3%	10.0%
WACC post tax: 2018	n.a.	n.a.	n.a.	n.a.	12.0%	n.a.	n.a.
Management forecast							
Forecast period (in years)	5	5	5	5	5	5	5
Revenue growth rate (avg.)	3.6%	3.2%	6.4%	4.3%	8.3%	17.3%	21.1%
EBIT margin improvement (absolute)	1.3%	1.3%	4.5%	2.6%	1.2%	5.7%	4.8%
Terminal period							
Growth rate 2019	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Growth rate 2018	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

Impairment analysis results

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

(x € 1 million)	Engineering R&D	Industrial Automation	Infra / Mobility	Healthcare Technology Solutions	Bulgaria	Sweden	Other
Carrying value	13.5	22.3	26.9	7.9	6.0	10.2	5.3
Value in use	52.3	50.8	33.9	8.4	31.5	15.4	6.9
Headroom	38.8	28.4	7.0	0.5	25.6	5.3	1.7

The impairment analyses in 2019 and in 2018 did not result in an impairment.

Sensitivity analysis

The impairment analysis for the goodwill allocated to the clusters 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	Engineering R&D	Industrial Automation	Infra / Mobility	Healthcare Technology Solutions	Bulgaria	Sweden	Other
Management forecast period							
Revenue growth rate	-3.1%	-2.3%	-0.4%	-0.2%	-6.2%	-0.9%	-0.3%
EBIT margin deterioration (basis points)	-8.8%	-4.8%	-1.6%	-0.5%	-18.2%	-3.0%	-0.8%
Discount rate (WACC)	26.0%	11.7%	2.2%	0.6%	53.7%	5.8%	2.7%

10. OTHER INTANGIBLE ASSETS

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

(x € 1,000)	2019 Software and licenses	2019 Development costs	2019 Customer relations	2019 Order backlog	2019 Other intangible assets	2019 Total	2018 Software and licenses	2018 Development costs	2018 Customer relations	2018 Order backlog	2018 Other intangible assets	2018 Total
Cost												
1 January	7,477	1,498	14,201	1,608	2,547	27,331	7,057	494	10,402	971	1,216	20,140
Arising on acquisition	1,060	2,373	4,917	908	680	9,938	-	-	3,799	637	1,300	5,736
Additions	359	1,566	-	-	395	2,320	420	1,004	-	-	31	1,455
Disposals	(18)	-	-	-	-	(18)	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
31 December	**8,878**	**5,437**	**19,118**	**2,516**	**3,622**	**39,571**	**7,477**	**1,498**	**14,201**	**1,608**	**2,547**	**27,331**
Accumulated amortisation												
1 January	(3,345)	(217)	(5,126)	(1,541)	(508)	(10,737)	(2,469)	(30)	(3,225)	(971)	(291)	(6,986)
Arising on acquisition	-	(1,966)	-	-	-	(1,966)	-	-	-	-	-	-
Amortisation	(1,116)	(838)	(2,325)	(725)	(362)	(5,366)	(876)	(187)	(1,901)	(570)	(217)	(3,751)
Disposals	3	-	(254)	-	-	(251)	-	-	-	-	-	-
31 December	**(4,458)**	**(3,021)**	**(7,705)**	**(2,266)**	**(870)**	**(18,320)**	**(3,345)**	**(217)**	**(5,126)**	**(1,541)**	**(508)**	**(10,737)**
Net book value 1 January	**4,132**	**1,281**	**9,075**	**67**	**2,039**	**16,594**	**4,588**	**464**	**7,177**	**-**	**925**	**13,154**
Net book value 31 December	**4,420**	**2,416**	**11,413**	**250**	**2,752**	**21,251**	**4,132**	**1,281**	**9,075**	**67**	**2,039**	**16,594**

Additions to Software and licenses and Development costs does not include software development not ready for use at 31 December 2019 (31 December 2018: € 380 thousand). At 31 December 2019 the other intangible assets concern the trade name of InTraffic and Additude and distribution rights.

The (average) remaining amortisation period is for:

Software and licenses	5-8 years
Development costs	3-5 years
Customer relations	5-10 years
Order backlog	in line with contracted period
Other intangible assets	8 years

11. INVESTMENT IN JOINT VENTURES

At 31 December 2019 ICT has one joint venture ICT Participations B.V.

12. INVESTMENT IN ASSOCIATES

On 31 December 2019 ICT Group N.V. has three associates: a 20% participation in LogicNets Inc., a 20% participation in SpringRivet Holding B.V. and a 14,67% participation in Greenflux Assets B.V. (2018: 19,57% participation in Greenflux Assets B.V.).

On 11 June 2018 energy company Eneco Group and independent investment fund SET Ventures have both acquired a minority stake in Amsterdam-based GreenFlux Assets BV (‘GreenFlux’), as part of a total Series B round of € 11 million in two rounds. Existing shareholders BOM Brabant Ventures and ICT Group NV also participated in the first round. The first round resulted in a dilution of ICT’s stake in GreenFlux from 24,49% to 19,57% and a profit on dilution of € 565 thousand which is recorded in the consolidated financial statements 2018. In the second round ICT’s stake in GreenFlux diluted from 19,57% to 14,67%. As a result of the second round the profit on dilution is € 679 thousand in 2019. GreenFlux is still classified as an associate since ICT Group still holds 22% of the preference shares in GreenFlux.

Until 27 September 2018 ICT had 40% of the potential voting rights in CIS Solutions GmbH. On 28 September 2018 ICT obtained 66% of the shares of CIS Solutions GmbH, resulting in a transfer from associates to subsidiaries.

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

(x € 1,000)	2019 LogicNets Inc.	2019 GreenFlux Assets B.V.	2019 Total	2018 LogicNets Inc.	2018 Greenflux Assets B.V.	2018 CIS Solutions GmbH	2018 Total
As at 1 January	**-**	**1,159**	**1,159**	**-**	**380**	**39**	**419**
Additions							
Conversion of receivables	-	-	-	-	328	-	328
Conversion of convertible loan	-	-	-	-	438	-	438
Profit on dilution share in GreenFlux from 19,57% to 14,67% (2018: 24,49% to 19,57%)	-	679	679	-	565	-	565
	-	**679**	**679**	**-**	**1,331**	**-**	**1,331**
Share in the profit (loss)	-	(901)	(901)	-	(424)	(19)	(443)
Result from associates	**-**	**(901)**	**(901)**	**-**	**(424)**	**(19)**	**(443)**
Decrease							
Conversion 40% to 66% (change to subsidiary)	-	-	-	-	-	(20)	(20)
Intercompany profit eliminations	-	(25)	(25)	-	(128)	-	(128)
As at 31 December	**-**	**912**	**912**	**-**	**1,159**	**-**	**1,159**

13. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax includes 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:

			2019			2018
(x € 1,000)	**Deferred tax assets**	**Deferred tax liabilities**	**Total**	Deferred tax assets	Deferred tax liabilities	Total
Balance as at 1 January	**266**	**(3,583)**	**(3,317)**	**176**	**(2,915)**	**(2,739)**
Adjustment on initial application IFRS 16 (net of tax)	-	-	-	-	-	-
Adjusted balance at 1 January 2019	**266**	**(3,583)**	**(3,317)**	**176**	**(2,915)**	**(2,739)**
Charged to the balance sheet:						
Intangible fixed assets - Software	-	(237)	(237)	-	-	-
Intangible fixed assets - Customer relations	-	(1,055)	(1,055)	-	(950)	(950)
Intangible fixed assets - Order backlog	-	(227)	(227)	-	(159)	(159)
Intangible fixed assets - Other intangibles	-	(152)	(152)	-	(325)	(325)
Subtotal	-	*(1,671)*	*(1,671)*	-	*(1,434)*	*(1,434)*
Gain / (loss) charged to the income statement:						
Intangible fixed assets - Software	-	163	163	-	94	94
Intangible fixed assets - Customer relations	-	573	573	-	475	475
Intangible fixed assets - Order backlog	-	181	181	-	143	143
Intangible fixed assets - Other intangibles	-	75	75	-	54	54
Change in tax percentage	-	350	350	-	-	-
Other	107	-	107	90	-	90
Subtotal	*107*	*1,342*	*1,449*	*90*	*766*	*856*
Balance as at 31 December	**373**	**(3,912)**	**(3,539)**	**266**	**(3,583)**	**(3,317)**

2019

Amortisation of intangible fixed assets, which are valued as a part of a Purchase Price Allocation exercise, is not tax deductible. The increase of deferred tax liabilities in 2019 are related to the acquired intangible assets of Additude, BNV, Kodar and Proficium and can be specified as follows:

Deferred tax liabilities (x € 1,000)	**2019**
Additude	(1,020)
Kodar	-
BNV	(237)
Proficium	(414)
Charged to the balance sheet:	**(1,671)**

2018

Amortisation of intangible fixed assets, which are valued as a part of a Purchase Price Allocation exercise, is not tax deductible. The increase of deferred tax liabilities in 2018 is related to the acquired intangible assets of NedMobiel and InTraffic and can be specified as follows:

Deferred tax liabilities (x € 1,000)	**2018**
Nedmobiel	(259)
Intraffic BV	(1,175)
Charged to the balance sheet:	**(1,434)**

From the deferred tax liabilities the non-current portion amounts to € 2,983 thousand as at 31 December 2018 (31 December 2018: € 2,813 thousand).

14. OTHER FINANCIAL ASSETS

The other financial assets as at 31 December 2019 amount to € 1,590 thousand (2018: € 210 thousand).

The financial assets consists for € 900 thousand of cash in an escrow account held for the deferred acquisition consideration liability to Proficium.

15. 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, being the contract assets, also include fixed price projects (net of any current warranty and other project related accruals).

(x € 1,000)	**2019**	2018
Trade receivables (gross)	23,672	22,904
Less: provision for doubtful receivables	(160)	(325)
Trade receivables (net)	23,512	22,579
Receivables from affiliated companies	264	1,201
Revenue to be invoiced	12,123	11,716
Inventories	272	372
Other receivables	1,474	1,074
Prepayments and accrued income	1,709	1,346
Balance as at 31 December	**39,354**	**38,288**

Prepayments and accrued income include € 74 thousand > 1 year (2018: € 383 thousand > 1 year).

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

(x € 1,000)	2019	2018
Balance as at 1 January	**325**	**232**
Arising on acquisition	69	-
Additions	256	126
Reversed unused	(220)	(13)
Utilised	(268)	(20)
Disposals	(2)	-
Balance as at 31 December	**160**	**325**

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 past due	30-60 days past due	60-90 days past due	91-120 days past due	More than 120 days past due
2019							
• Trade receivables	23,512	18,274	2,763	1,215	648	219	393
• Receivables from affiliated companies	264	32	49	75	13	27	68
• Revenue to be invoiced	12,123	12,123	-	-	-	-	-
• Inventories and other receivables	1,746	1,746	-	-	-	-	-
Total	**37,645**	**32,175**	**2,812**	**1,290**	**661**	**246**	**461**
2018							
• Trade receivables	22,579	16,930	3,778	1,201	262	204	204
• Receivables from affiliated companies	1,201	180	740	42	56	40	143
• Revenue to be invoiced	11,716	11,716	-	-	-	-	-
• Inventories and other receivables	1,446	1,446	-	-	-	-	-
Total	**36,942**	**30,272**	**4,518**	**1,243**	**318**	**244**	**347**

At 31 December 2019 the doubtful debtor's provision based on the measurement of possible default events within 12 months is higher than the doubtful debtor's provision based on the lifetime expected credit losses derived from historic credit losses in the past 3 years. Therefore, the doubtful debtor's provision based on the measurement of possible default events within 12 months is recorded. Forward looking information (e.g. economic circumstances) are included in the measurement of the doubtful debtor's provision.

For both the receivables from affiliated companies and revenue to be invoiced no expected credit losses are recorded based on historic credit loss experience. For receivables from associates, the same approach is used as for the determination of the expected credit losses for trade receivables.

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 Netherlands B.V., Improve Quality Services B.V., ICT Nearshoring B.V., Raster Beheer B.V., Raster Industriële Automatisering B.V., ICT Healthcare Technology Solutions B.V., InTraffic B.V. and NedMobiel B.V. have pledged their current and future receivables from trading activities as collateral.

The Company's term between the satisfaction of the performance obligation and receipt was on average 70 days in 2019 (2018: 75 days). This number of days is not considered significant.

Revenue to be invoiced represents the difference between the gross 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:

			2019			2018
(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	20,603	(8,480)	12,123	21,692	(9,976)	11,716
Projects with (net) negative balances	268	(2,205)	(1,937)	4,207	(5,636)	(1,429)
Total	**20,871**	**(10,685)**	**10,186**	**25,899**	**(15,612)**	**10,287**

Not realised revenues from long-term projects

The following table shows not realised performance obligations resulting from fixed-price long-term software projects.

(x € 1,000)	**2019**	2018
Aggregate amount of the transaction price allocated to long-term software projects that are partially or fully not realised as at 31 December	17,289	14,228

Management expects that 33% will be recognised in the 2020 financial year (2018: 58% in the 2019 financial year). The remaining 67% will be recognised in next reporting periods starting from 1 January 2021. All other contracts are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these not realised contracts is not disclosed.

Revenue recognised in relation to projects with (net) negative balances

The following table shows how much of the revenue recognised in the current reporting period relates to projects with (net) negative balances.

(x € 1,000)	**31 December 2019**	31 December 2018 'restated'
Revenue recognised that was included in the contract liability balance at the beginning of the period	394	1,872

16. 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 € 345 thousand (2018: € 185 thousand). The cash and cash equivalents consist of bank balances bearing interest in line with market interest rates. As at 31 December 2019 and 31 December 2018 bank overdrafts amount to nil.

17. SHAREHOLDERS' EQUITY

		Issued share capital (x € 1,000)		
Issued share capital	Number of shares	Ordinary shares	Share premium	Total
At 1 January 2018	**9,411,301**	**941**	**14,209**	**15,150**
• Shares issued at 13 July 2018 stock dividend	52,577	5	(5)	-
	52,577	5	(5)	-
At 31 December 2018	**9,463,878**	**946**	**14,204**	**15,150**
• Shares issued at 5 June 2019 stock dividend	101,132	10	(10)	-
	101,132	10	(10)	-
At 31 December 2019	**9,565,010**	**956**	**14,194**	**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

2019

At 31 December 2019 the number of outstanding and fully paid-up ordinary shares amounted to 9,565,010. On 5 June 2019 ICT Group N.V. issued 101,132 new shares related to the stock dividend. During 2019, 22,815 ordinary shares were purchased as treasury shares for the equity participation plan for employees. As at 31 December 2019 there are no ordinary shares outstanding which are not fully paid up.

2018

At 31 December 2018 the number of outstanding and fully paid-up ordinary shares amounted to 9,463,878. On 13 July 2018 ICT Group N.V. issued 52,577 new shares related to the stock dividend. During 2018, 64,052 ordinary shares were purchased as treasury shares for the equity participation plan for employees. As at 31 December 2018 there are no ordinary shares outstanding which are not fully paid up.

Preference shares

No cumulative preference shares had been issued as at year end 2019 and 2018.

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

In 2019 the share premium reserve has decreased by € 10,000 related to the stock dividend. In 2018 the share premium reserve decreased by € 5,000 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 2019 and 2018 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 2018	-	-	-	-
• Purchased treasury shares in 2018 for the personnel share and key management plans	64,052	14.55	932	-
• Sold treasury shares in 2018 for the personnel share and key management plans	(44,126)	15.66	(691)	-
• Profit transfer to retained earnings	-		49	49
At 31 December 2018	**19,926**	**14.55**	**290**	**49**
• Purchased treasury shares in 2019 for the personnel share and key management plans	22,815	13.31	304	-
• Sold treasury shares in 2019 for the personnel share and key management plans	(41,567)	12.31	(512)	-
• Loss transfer to retained earnings	-		(69)	(69)
At 31 December 2019	**1,174**	**11.25**	**13**	**(69)**

The average purchase price of the ordinary treasury shares in 2019 was € 13.31 (2018: € 14.55). On 31 December 2019 ICT possessed 1,174 treasury shares and on 31 December 2018 ICT possessed 19,926 treasury shares. The average rate of the possessed treasury shares per 31 December 2019 was € 11.25 (2018: € 14.55). The result on the sold treasury shares is transferred to the retained earnings.

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 2019 addition is € 4 thousand related to Addidude Sweden and the 2018 addition was nil. The currency translation reserve is a legal reserve and cannot be distributed.

Legal reserve
The legal reserve pertains to capitalised product development expenses and capitalised software development expenses.

In 2019 the amount of € 4.1 million one-off accounting gains related to 2018 has been transferred to the legal reserve. These profits are non-cash items and are non-distributable profits under Dutch law.

This reserve cannot be distributed.

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

A share-based compensation liability has been recognised for the estimated amount of € 482 thousand (2018: € 464 thousand), as shown in the following table:

(x € 1,000)	2019	2018
LTIP Key management personnel	335	328
LTIP Employee equity participation plan	147	136
Total	**482**	**464**

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 € 77 thousand negative (2018: € 242 thousand).

In 2019 nil is paid to key management related to the long-term key management employee benefit plan (2018: € 66 thousand).

LTIP employee equity participation plan (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 was 31 December 2015, which first tranche was settled in 2018.

The fair value of the liability as at 31 December 2019 is determined based on the share price as at 31 December 2019 of € 11.40 (31 December 2018: € 10.45).

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	**2019**	2018
Balance 1 January	**122,082**	**111,920**
Conversion shares key management	81,344	-
Purchased shares by employees during the year	56,144	24,560
Sold shares by employees during the year	(16,854)	(14,398)
Balance 31 December	**242,716**	**122,082**

As at 31 December 2019, 242,716 shares are held by the STAK (31 December 2018: 122,082 shares). The estimated cash bonus for the unsettled tranches is expensed over the vesting period, which results in a liability of € 147 thousand as 31 December 2019 (31 December 2018: € 136 thousand). The total expense for the equity participation plan amounts to € 167 thousand (2018: € 156 thousand), of which € 64 thousand relates to the discount on the shares purchased by employees during the year (2018: € 56 thousand). In 2019, cash bonuses were paid to participating employees for the tranche from 2016 for an amount of € 92 thousand. In 2018, cash bonuses were paid to participating employees for the first tranche from 2015 for an amount of € 109 thousand.

19. LOANS

At year-end 2019 the Company had called on the acquisition facility (facility B) for the amount of € 19,963 thousand (2018: € 8,510 thousand). Drawings under the acquisition facility (facility B) are repayable in four years, in quarterly instalments. As at 31 December 2019 the last instalment will be in the last quarter of 2023. The quarterly instalments from the 2015 drawings amount to nil, because this part of the loan has been repaid, the quarterly instalments from the 2016 drawings amount to € 425 thousand, the quarterly instalments from the 2018 drawings amount to € 272 thousand and the quarterly instalments from the 2019 drawings amount to € 938 thousand. Consequently, an amount of € 6,540 thousand (2018: € 3,548 thousand) has been presented as short-term loans under current liabilities and an amount of € 13,423 thousand (2018: € 4,962 thousand) has been presented as long-term loans.

At year-end 2019: all loans carry a variable interest rate of 1 month EURIBOR + 1.50%.

At year-end 2018: the loans from the 2015 and 2016 drawings carry a variable interest rate of 1 month EURIBOR + 1.95% (2018: 1 month EURIBOR + 1.95%) and the loan drawn in 2018 carries a variable interest rate of 3 months EURIBOR + 1.50%.

For further details on the credit facilities see to notes 6 and 32.

The carrying amount of these loans equals the fair value.

Net debt reconciliation

The net debt position as at 31 December 2019 amounts to € 14,194 thousand negative (31 December 2018: € 2,332 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 2019	**6,178**	**-**	**(4,962)**	**(3,548)**	**(2,332)**
Cash flows	(409)	-	(8,461)	(2,992)	(11,862)
Net debt as at 31 December 2019	**5,769**	**-**	**(13,423)**	**(6,540)**	**(14,194)**

20. DEFERRED ACQUISITION CONSIDERATION

With regard to acquisition of Additude in January 2019, the deferred acquisition consideration relating to the remaining 29,45% of the shares of Additude will be payable as following:

- 7,45% of the shares, to be completed on 1 March 2021 for the discounted estimated amount on acquisition date of € 773 thousand;
- 8% of the shares, to be completed on 1 March 2022 for the discounted estimated amount on acquisition date of € 739 thousand; and
- 14% of the shares, to be completed on 1 March 2023 for the discounted estimated amount on acquisition date of € 1,211 thousand.

The deferred contingent acquisition consideration with regard to Kodar of € 287 thousand will be payable in 3 tranches in May 2020, 2021 and 2022 depending on the number of FTE's as per year-end 2020, 2021 and 2022. As at 31 December 2019 € 36 thousand is payable in 2020.

As at 25 June 2019 ICT acquired the remaining 49% to 100% of the shares and voting interests in ICT Healthcare Technology Solutions B.V. for the amount of € 3.2 million. At 31 December 2018 the related amount was classified in the current liabilities under deferred acquisition consideration.

The earn out related to the acquisition of NedMobiel B.V. for the amount of € 0.5 million has been paid out in March 2019.

21. CURRENT LIABILITIES

The current liabilities are generally paid entirely within the payment period of 0 to 45 days. Only short term loans and bank overdrafts are interest bearing. The interest bearing loans, the deferred acquisition consideration and a part of the other liabilities have a payment period longer than 45 days.

The current liabilities are specified as follows:

(x € 1,000)	**2019**	2018
Trade payables	5,837	4,032
Corporate income tax payable	86	1,075
Other taxes and social security liabilities	8,996	8,979
Loans short term	6,540	3,548
Deferred acquisition consideration	747	3,689
Deferred income and progress billings	1,937	1,429
Payables to related parties	-	156
Other accruals	593	654
Lease liabilities (short-term)	4,617	-
Other liabilities	10,609	8,847
Total	**39,962**	**32,409**

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

Deferred income and progress billings, being the contract liabilities, 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 15.

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

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.

Change in segment definition

In line with the new organisational structure the Executive Board decided that cluster level, which is a country and market-related segment classification, is the new reporting level of the operating segments in accordance with IFRS 8, on which the Executive Board manages the businesses of the Company.

As stated in IFRS 8.12, 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. On the other side, IFRS 8 states qualitative thresholds when an operating segment needs to be disclosed as standalone. An entity shall report information about an operating segment separately that meets certain quantitative thresholds. Applying these thresholds, the Executive Board notes that Engineering R&D, Industrial Automation, Infra & Mobility, Healthcare Technology, Bulgaria and Sweden should be presented as separate segments. The other individual entities, Improve Quality Services B.V., OrangeNXT B.V., ICT Motar B.V., CIS Solutions GmbH, BNV Mobility B.V., Raster Products B.V. (until 30 April 2019), Proficium B.V. and ICT Belgium BV., which were recognised as operating segments, do not meet these thresholds and therefore are presented aggregated as 'Other'.

In connection with the change in segments, the 2018 comparative disclosure has been adjusted to reflect the 2019 presentation.

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 total comprehensive income.

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.

2019

The composition of revenue, gross profit margin can be displayed as follows:

(x € 1,000)	Engineering R&D	Industrial Automation	Infra / Mobility	Healthcare Technology	Bulgaria	Sweden	Other	Eliminations	Consolidated
Revenue:									
Revenue from professional services	36.730	31.274	33.643	3.435	12.479	14.814	9.838	(6.134)	136.079
Revenue from solutions / products	2.302	3.527	5.584	5.209	1	558	2.503	(294)	19.390
Subtotal	**39.032**	**34.801**	**39.227**	**8.644**	**12.480**	**15.372**	**12.341**	**(6.428)**	**155.469**
Inter-segment	1.577	1.893	1.888	1.818	-	-	115	(7.291)	-
Total revenue	**40.609**	**36.694**	**41.115**	**10.462**	**12.480**	**15.372**	**12.456**	**(13.719)**	**155.469**
Operating expenses directly attributable to the operating segments	27.664	24.637	30.168	7.144	7.605	13.128	12.130	(13.719)	108.757
Segment Gross profit	**12.945**	**12.057**	**10.947**	**3.318**	**4.875**	**2.244**	**326**	**-**	**46.712**
Allocated operating expenses	6.274	6.153	7.072	2.654	2.150	1.652	4.231	-	30.186
Operating profit before amortisation and depreciation	**6.671**	**5.904**	**3.875**	**664**	**2.725**	**592**	**(3.905)**	**-**	**16.526**
Allocated amortisation and depreciation	1.946	2.212	2.973	1.377	912	1.170	992	-	11.582
Impairment charges	-	-	-	-				-	-
Operating profit	**4.725**	**3.692**	**902**	**(713)**	**1.813**	**(578)**	**(4.897)**	**-**	**4.944**
Financial expenses									(1.124)
Financial income									104
One-off accounting gains (note 27)									679
Result from joint ventures									-
Result from associates									(901)
Profit before taxation									**3.702**
Taxes									(1.031)
Net profit									**2.671**
Segment Assets	17.140	19.938	26.437	9.400	8.498	8.673	69.247	(34.923)	**124.410**
Segment Liabilities	10.270	9.963	14.846	5.403	3.106	4.456	33.775	(11.952)	**69.867**
Other notes									
Operating profit before amortisation and depreciation / total revenue	16.4%	16.1%	9.4%	6.3%	21.8%	3.9%	-31.4%	-	**10.6%**
Average number of employees (FTE)	306	253	266	78	204	72	167	**-**	**1.346**

The composition of revenue, gross profit margin can be displayed as follows:

2018*

(x € 1,000)	Engineering R&D	Industrial Automation	Infra / Mobility	Healthcare Technology	Bulgaria	Sweden	Other	Eliminations	Consolidated
Revenue									
Revenue from professional services	35,667	29,137	30,834	3,813	9,869	-	8,444	(3,922)	113,842
Revenue from solutions / products	1,721	4,097	4,886	4,448	-	-	894	(34)	16,012
Subtotal	**37,388**	**33,234**	**35,720**	**8,261**	**9,869**	**-**	**9,338**	**(3,956)**	**129,854**
Inter-segment	1,447	1,892	1,645	1,798	-	-	176	(6,958)	-
Total revenue	**38,835**	**35,126**	**37,365**	**10,059**	**9,869**	**-**	**9,514**	**(10,914)**	**129,854**
Operating expenses directly attributable to the operating segments	26,006	23,888	26,116	6,938	5,893	-	10,158	(10,914)	88,085
Segment Gross profit	**12,829**	**11,238**	**11,249**	**3,121**	**3,976**	**-**	**(644)**	**-**	**41,769**
Allocated operating expenses	6,852	7,102	7,801	3,014	2,080	-	1,446)	-	28,295
Operating profit before amortisation and depreciation**	**5,977**	**4,136**	**3,448**	**107**	**1,896**	**-**	**(2,090)**	**-**	**13,474**
Allocated amortisation and depreciation	595	1,157	1,665	853	684	-	(4)	-	4,950
Operating profit	**5,382**	**2,979**	**1,783**	**(746)**	**1,212**	**-**	**(2,086)**	**-**	**8,524**
Financial expenses									(886)
Financial income									261
One-off accounting gains (note 27)									4,083
Result from joint ventures									58
Result from associates									(443)
Profit before taxes									**11,597**
Taxes									(2,099)
Net profit									**9,498**
Segment Assets	17,271	20,209	20,544	9,125	5,890	-	73,403	(50,800)	**95,642**
Segment Liabilities	6,623	6,998	9,227	3,908	779	-	27,709	(13,826)	**41,418**
Other notes									
Operating profit before amortisation and depreciation/ total revenue	15.4%	11.8%	9.2%	1.1%	19.2%	-	-22.0%	-	**10.4%**
Average number of employees (FTE)	290	248	224	83	154	-	135	-	**1,134**

* With the change in segments, the 2018 comparative disclosure has been adjusted to reflect the 2019 presentation.
** ICT Group has applied IFRS 16 at 1 January 2019. Under the transition methods chosen, comparative figures are not restated.

Disaggregated revenue from contracts with customers (continued)

The following table shows revenue disaggregated per theme.
The table includes a reconciliation of the disaggregated revenue from contracts with customers with ICT Group's segments.

(x € 1,000)	Reportable segments		Segment other		Eliminations segments		All segments	
Revenue	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Secondment	58,420	45,044	3,488	3,781	(10,500)	(9,298)	51,408	39,527
Projects	75,483	64,089	5,197	1,978	(3,157)	(1,404)	76,392	64,663
Recurring	10,577	10,652	458	1,956	(14)	(74)	13,401	12,534
Product sales	3,092	3,523	490	70	-	-	3,582	3,593
Other	9,160	7,945	2,823	1,713	(48)	(138)	10,686	9,520
	156,732	**131,253**	**12,456**	**9,498**	**(13,719)**	**(10,914)**	**155,469**	**129,837**

23. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses can be specified as follows:

(x € 1,000)	**2019**	2018
Salaries	75,283	63,842
Social security charges	12,448	9,707
Pension expenses	3,581	2,720
Share-based compensation	174	398
	91,486	**76,667**

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)	2019	2018
Total pension contributions	4,889	3,949
Employee contributions	(1,308)	(1,229)
Employer pension contributions	**3,581**	**2,720**

The average number of staff employed by ICT Group N.V. and its group companies in 2019, expressed in full time equivalents was 1,346 (2018: 1,134). Of these employees, 316 were employed outside the Netherlands (2018: 170).

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 2019 is as follows:

(x € 1,000)	Fixed management fee	Short-term incentive	Long-term incentive*	Total
Members of the Supervisory Board				
Th.J. van der Raadt (chairman)	46,500	-	-	46,500
F.J. Fröschl**)	11,250	-	-	11,250
D. Luthra	37,875	-	-	37,875
G.A. van der Werf	36,250	-	-	36,250
W.N. van de Bunt***	23,125	-	-	23,125
A. de Vries-Schipperijn****	21,875	-	-	21,875
	176,875	-	-	176,875
Members of the Executive Board				
J.H. Blejie*****	407,700	124,425	(53,197)	478,928
W.J. Wienbelt*****	275,280	85,320	(31,263)	329,337
	682,980	209,745	(84,460)	808,265
Total	**859,855**	**209,745**	**(84,460)**	**985,140**

*) 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.
**) F.J. Fröschl: until 15 May 2019.
***) W.N. van de Bunt: since 15 May 2019.
****) A. de Vries-Schipperijn: since 15 May 2019.
*****) The long-term incentive expense is a credit as the 2019 earnings per share are lower than the target.

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 costs related to the long term incentive plan amounted to € 84,460 negative in 2019 (2018: € 209,350). 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 2018 was as follows:

(x € 1,000)	**Fixed manage-ment fee**	**Short-term incentive**	**Long-term incentive***	**Total**
Members of the Supervisory Board				
Th.J. van der Raadt (chairman)	47,563	-	-	47,563
F.J. Fröschl	30,000	-	-	30,000
D. Luthra	36,000	-	-	36,000
J.A. Sinoo**	14,083	-	-	14,083
G.A. van der Werf***	23,333	-	-	23,333
	150,979	-	-	150,979
Members of the Executive Board				
J.H. Blejie	400,000	175,000	130,256	705,256
W.J. Wienbelt	262,500	120,000	79,094	461,594
	662,500	295,000	209,350	1,166,850
Total	**813,479**	**295,000**	**209,350**	**1,317,829**

*) 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.
**) J.A. Sinoo: until 9 May 2018.
***) G.A. van der Werf: since 9 May 2018.

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

	Number held at 31 December 2019	Number held at 31 December 2018
Members of the Executive Board		
J. Blejie	43,944	42,746
W.J. Wienbelt	25,857	25,857

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

Executive Board

The members of the Executive Board did not hold share options in 2019 and 2018.

Supervisory Board

The members of the Supervisory Board did not hold share options in 2019 and 2018.

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

25. OTHER OPERATING EXPENSES

The other operating expenses item can be specified as follows:

(x € 1,000)	**2019**	2018
Car costs	4,308	7,348
IT costs	2,490	1,696
Advisory and other professional services fees	2,590	2,101
Accommodation expenses	1,416	2,862
Contract termination fees at InTraffic	-	750
Other personnel costs*	7,099	6,442
Other expenses	3,008	2,834
	20,911	**24,033**

*) Other personnel costs includes among others staff training costs, travel expenses and recruitment costs.

Other expenses in 2019 include € 657 thousand related to the research of potential strategic combinations and to the acquisition of Additude, BNV, Kodar and Proficium (2018: € 315 thousand related to the research of potential strategic combinations and to the acquisition of NedMobiel, InTraffic and a part of the costs related to the acquisition of Additude).

26. FINANCIAL INCOME AND EXPENSES

The financial expenses comprise bank costs, interest on lease liabilities and interest on loans. The 2019 financial expenses also include an amount of € 448 thousand for interest on the deferred acquisition consideration, mainly relating to Additude and IHTS (2018: € 130 thousand for interest on the deferred acquisition consideration relating to IHTS). The financial income comprised received bank interest, interest from the loans to associates and in 2018 the release of the deferred acquisition liability related to IHTS of € 0.2 million.

27. ONE-OFF ACCOUNTING GAINS

The one-off accounting gains can be specified as follows:

(x € 1,000)	**2019**	2018
Revaluation former 50% stake in InTraffic*	-	3,518
Profit on dilution of GreenFlux (note 12)	679	565
	679	**4,083**

*) Until the first quarter of 2018 InTraffic was reported as a joint venture. The acquisition of InTraffic resulted in a one-off step up accounting gain in 2018 of € 3,518 thousand related to the revaluation to fair value of the 50% stake in InTraffic already held by ICT.

28. INCOME TAX EXPENSES

(x € 1,000)	2019	2018
Current tax	2,394	2,955
Deferred tax	(1,363)	(856)
Total tax expense (credit)	**1,031**	**2,099**

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

(x € 1,000)	2019		2018	
Result before taxation	3,702		11,597	
Income tax based on prevailing rate, in the Netherlands 25.0% (2018: 25.0%)	926	25.0%	2,899	25.0%
Permanent differences:				
Effect of tax rates in foreign regimes	(408)	-11.0%	(306)	-2.6%
Effect of non-deductible expenses	252	6.8%	303	2.6%
Effect of result from joint ventures and associates	59	1.6%	96	0.8%
Effect of non-taxable income	41	1.1%	(1,081)	-9.3%
Effect of change in tax percentages	(287)	-7.8%	-	0.0%
Unrecognised carry-forward tax losses	448	12.1%	188	1.6%
Income tax expense / Average effective tax rate	**1,031**	**27.8%**	**2,099**	**18.1%**

The effect of taxes in foreign regimes reflect the impact of different nominal tax rates in the fiscal jurisdictions in which ICT operates. In 2019 and in 2018 the nominal corporate tax rate in Bulgaria amounted to 10%, in France to 33%, in Belgium to 34%, in Germany to 30% and in Sweden to 22%.

Non-taxable income and non-deductible expenses represent adjustments for income and expenses not subject to taxation. In 2019 non-taxable income pertain to the one-off accounting gain related the profit on dilution of Greenflux and in 2018 to the revaluation of the 50% stake in InTraffic and the profit on dilution of Greenflux.

In 2019 income tax expense includes an amount of € 974 thousand with respect to the 2019 amortisation on the intangible assets relating to the acquisition of Strypes Bulgaria, Raster, ICT HCTS, Nozhup, HTS, NedMobiel, InTraffic, Additude and Proficium.

In 2018 income tax expense includes an amount of € 766 thousand with respect to the 2018 amortisation on the intangible assets relating to the acquisition of Strypes Bulgaria, Raster, ICT HCTS, Nozhup, HTS, NedMobiel and InTraffic.

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. forms, together with its group companies in the Netherlands, excluding ICT Motar B.V., ICT Participations B.V., BMA Telenatal B.V., Proficium B.V. and Proficium OVK B.V. 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.

29. EARNINGS PER SHARE

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

	2019	2018
Weighted average number of outstanding ordinary shares	9,521,946	9,440,334
Earnings per share:		
Net profit attributable to shareholders in €	2,618,000	9,391,000
Basic earnings per share in €	0.27	0.99

As per 31 December 2019 and 31 December 2018 there are no dilution effects.

30. INDEPENDENT AUDITOR'S FEES

	2019			2018		
(x € 1,000)	**PricewaterhouseCoopers**	**PricewaterhouseCoopers Network**	**Total**	PricewaterhouseCoopers	PricewaterhouseCoopers Network	Total
Audit of the financial statements	274	37	311	272	18	290
Other audit services	-	-	-	-	-	-
Tax advisory services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
Total	**274**	**37**	**311**	**272**	**18**	**290**

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. and out of pocket expenses as referred to in article 1(1) of the Dutch Accounting Firms Oversight Act (Dutch abbreviation: Wta).

31. 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 Netherlands B.V. The compensation paid or payable to key management is shown below:

Key management

(x € 1,000)	**2019**	2018
Salaries, fees and other short-term employee benefits	1,069	1,022
Bonus	267	375
Post-employment benefits	8	8
Share-based compensation	(77)	242
Total	**1,267**	**1,647**

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 18).

**) 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. (until 31 March 2018), LogicNets Inc. and Greenflux Assets B.V. during the year can be specified as follows:

(x € 1,000)	**2019**	2018
Sales to joint ventures	-	500
Purchases from joint ventures	-	-
Receivables from joint ventures	-	-
Loans (net) to joint ventures	-	-
Payables to joint ventures	-	-

(x € 1,000)	**2019**	2018
Sales to associates	2,037	3,078
Purchases from associates	-	131
Receivables from associates	264	1,201
Loans (net) to associates *)	-	-
Payables to associates	16	156

*) The loans (net) to related parties represent the loans to Greenflux and CIS (we refer to note 12).

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

32. COMMITMENTS AND CONTINGENCIES NOT DISCLOSED IN THE BALANCE SHEET

Credit facility

In 2019 ICT extended its credit facilities from € 23.5 million to € 40.0 million in total. The working capital credit facility (facility A) is € 12.5 million (2018: € 10.0 million) and the acquisition credit facility (facility B) € 25.0 million (2018: € 11.0 million). The guarantee facility is unchanged € 2.5 million.

At year-end 2019 ICT had called on the acquisition facility (facility B) for the amount of € 20.0 million (31 December 2018: € 8.5 million) and had not used the working capital credit facility (facility A).

The covenant requirements include a Senior Net Debt to EBITDA ratio (max. 2.5), an asset cover test, a revenue cover test and a clean down period of three consecutive business days per year. In 2019 and as per 31 December 2019, the Company complied with all quarterly and annual financial bank covenant requirements.

Guarantees

At the balance sheet date, outstanding guarantees amounted to € 1.4 million (2018: € 1.3 million). These guarantees were provided in connection with current rental and client commitments.

Rental, lease and other commitments

For 2019 the table below shows the liabilities related to rental commitments for offices, only related to the service costs, as the finance costs are capitalised as lease assets under IFRS 16.

Rental

For 2019 the table below shows the liabilities related to rental commitments for offices, only related to the service costs, at the finance costs are capitalized as lease assets under IFRS 16.

For 2018 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 vary from 3 to 5 years depending on the rental contracts.

(x € 1,000)	**2019**	2018
No later than 1 year	427	2,206
Later than 1 year and no later than 5 years	772	5,779
Later than 5 years	169	1,602
Total	**1,368**	**9,587**

Car lease

For 2019 the table below shows the liabilities relating to the service costs part of the leases for cars provided to employees, each lease having a term of up to five years and the lease commitments related to short-term leases.

For 2018 the table below shows the finance and service costs liabilities relating to operating leases for cars provided to employees, each lease having a term of up to four years.

(x € 1,000)	**2019**	2018
No later than 1 year	1,755	4,008
Later than 1 year and no later than 5 years	2,144	4,012
Later than 5 years	-	-
Total	**3,899**	**8,020**

Other commitments

(x € 1,000)	**2019**	2018
No later than 1 year	99	24
Later than 1 year and no later than 5 years	141	56
Later than 5 years	-	-
Total	**240**	**80**

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 2019:

- ICT Netherlands B.V.
- Raster Beheer B.V., Raster Industriële Automatisering B.V. and Raster Products B.V. (until 30 April 2019)
- Improve Quality Services B.V.
- ICT Nearshoring B.V.
- NedMobiel B.V.
- OrangeNXT B.V.
- InTraffic B.V. (since 1 January 2019)
- ICT Healthcare Technology Solutions B.V. (since 25 June 2019)
- New Mobility Ventures B.V. (since 1 August 2019)
- BNV Mobility B.V. (since 1 August 2019)

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 fiscal unit.

33. SUBSEQUENT EVENTS

No subsequent events have occurred after balance sheet date.

COMPANY FINANCIAL STATEMENTS 2019

COMPANY BALANCE SHEET

As at 31 December (before proposed profit appropriation)

(x € 1,000)	Note	**2019**	**2019**	2018	2018
Assets					
NON-CURRENT ASSETS					
Right-of-use assets	2	966		-	
Goodwill	3	36,513		28,587	
Financial assets	4	47,365		49,081	
Deferred tax assets		121		116	
Other financial assets		3,575		26	
			88,540		77,810
CURRENT ASSETS					
Trade and other receivables	5	2,218		2,176	
Corporate income tax receivable		692		-	
Cash and cash equivalents		153		9	
			3,063		2,185
TOTAL ASSETS			**91,603**		**79,995**

(x € 1,000)	Note	**2019**	**2019**	2018	2018
Equity and liabilities					
SHAREHOLDERS' EQUITY	6				
Issued share capital		956		946	
Share premium		14,194		14,204	
Currency translation reserve		91		95	
Legal reserve		7,371		2,172	
Treasury shares		(13)		(290)	
Retained earnings		28,767		26,765	
Net profit		2,618		9,391	
			53,984		53,283
NON-CURRENT LIABILITIES	7				
Share-based compensation and long-term employee benefits liabilities		482		464	
Loans (long-term)		13,423		4,962	
Deferred acquisition consideration (long-term)		3,350		-	
Lease liabilities (long-term)	2	484		-	
			17,739		5,426
CURRENT LIABILITIES					
Trade payables		931		658	
Payables to group companies		5,420		9,778	
Corporate income tax payable		-		532	
Other taxes and social security premiums		39		29	
Loans (short-term)		6,540		3,548	
Deferred acquisition consideration (short-term)		586		3,689	
Bank overdrafts		4,811		2,043	
Lease liabilities (short-term)	2	464		-	
Other current liabilities		1,089		1,009	
			19,880		21,286
TOTAL EQUITY AND LIABILITIES			**91,603**		**79,995**

COMPANY INCOME STATEMENT

For the year ended 31 December

(x € 1,000)	Note	2019	2018
Revenue	8	**983**	**2,283**
Employee benefit expenses	9	2,080	2,348
Depreciation and amortisation	2	438	-
Impairment charges		-	-
Other operating expenses	10	2,124	2,336
Total operating expenses		**4,642**	**4,684**
Operating profit		**(3,659)**	**(2,401)**
Financial expenses	11	(866)	(561)
Financial income	11	91	233
Result from subsidiaries	4	6,498	7,938
Result from joint ventures	4	-	59
Result from associates	4	(901)	(443)
One-off accounting gains	12	678	4,083
Result before taxes		**1,841**	**8,908**
Income tax credit	13	777	483
Net profit		**2,618**	**9,391**

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. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Company leases buildings and cars. The lease of buildings typically run for a period between 5 and 10 years, with an option to renew the lease after that date. Lease payments are renegotiated by every renewal to reflect market rentals. The lease of buildings provide for additional rent payments that are based on changes in local price indices.

The car lease typically run for a period between 3 and 5 years. The car lease provide for additional payments that are based on deviations from the original average number of kilometres of the car lease and changes in local price indices related to insurance and replacement transport.

Payments associated with leases of low-value assets are recognised on a straight line basis as an expense in profit or loss. Low value assets comprise IT-equipment and small items of office furniture.

Information about leases for which the Company is a lessee is presented below:

Right-of-use assets			**2019**
(x € 1,000)	**Properties**	**Lease cars**	**Total**
Balance at 1 January	**1,274**	**88**	**1,362**
Additions to right-of-use assets	43	55	98
Depreciation charge for the year	(404)	(35)	(439)
Derecognition of right-of-use assets	-	(55)	(55)
Balance at 31 December	**913**	**53**	**966**
Net book value 1 January	**1,274**	**88**	**1,362**
Net book value 31 December	**913**	**53**	**966**

Lease liabilities (x € 1,000)	**31 December 2019**	31 December 2018
Non-current liabilities	484	464
Current liabilities	464	898
Total lease liabilities	**948**	**1,362**

Amounts recognized in profit or loss (x € 1,000)	
2019 – Leases under IFRS 16	
Interest on lease liabilities	10
Expenses related to short-term leases	-
Expenses related to low value assets, excluding short-term leases	-
2018 – Operating leases under IAS 17	
Lease expense	7

Extension options

Some property leases contain extension options exercisable by the Company. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at each external reporting date whether it is reasonably certain the extension options will be exercised.

The Company has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of € 51 thousand.

3. GOODWILL

The movement in goodwill is as follows:

(x € 1,000)	**2019**	2018
At 1 January		
Cost	34,667	28,104
Accumulated impairment	(6,080)	(6,080)
Net book value	**28,587**	**22,024**
Movement in cost		
Arising on acquisition	8,403	6,563
Divestment	(477)	-
	7,926	**6,563**
Impairment losses		
Impairment	-	-
	-	**-**
At 31 December		
Cost	42,593	34,667
Accumulated impairment	(6,080)	(6,080)
Net book value	**36,513**	**28,587**

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

(x € 1,000)	2019	2018
Engineering R&D	3,517	3,517
Industrial Automation	10,330	10,808
Infra / Mobility	11,082	8,412
Healthcare Technology Solutions	2,241	2,241
Bulgaria	1,009	1,009
Sweden	5,732	-
Other	2,602	2,600
Total	**36,513**	**28,587**

For further information related to goodwill, see note 9 of the consolidated financial statements.

4. FINANCIAL ASSETS

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

(x € 1,000)	2019	2018
Movement in financial assets		
Balance as at 1 January	**49,081**	**37,626**
Share in result from subsidiaries, joint ventures and associates	5,597	7,554
Impairment of associates	-	-
Dividend received	(17,527)	(3,589)
Additions	9,741	7,490
Divested	477	-
Exchange rate differences	(4)	-
Balance as at 31 December	**47,365**	**49,081**

5. TRADE AND OTHER RECEIVABLES

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

(x € 1,000)	2019	2018
Receivables from group companies	1,431	1,871
Other receivables	163	12
Prepayments and accrued income	570	293
Balance as at 31 December	**2,218**	**2,176**

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.

6. SHAREHOLDERS' EQUITY

See the consolidated statement of changes in equity and note 17 of the consolidated financial statements for the shareholders' equity disclosure.

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 2019, 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 € 0.30 per share for the 2019 financial year (2018: € 0.38). The dividend payment is subject to the approval of the Annual General Meeting of Shareholders (AGM) to be held on 13 May 2020. For the calculation of the proposed dividend, the realised net profit is adjusted for the non-cash amortisation amounts and the non-cash one-off accounting gains. This results in an adjusted net profit for the full year 2019 of € 7.2 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 2 June 2020. The dividend will be payable, in cash or in shares, on 4 June 2020.

7. NON-CURRENT LIABILITIES

For share-based compensation liabilities and loans see note 18 and 19 of the consolidated financial statements. For the deferred acquisition consideration see note 20 of the consolidated financial statements.

8. REVENUE

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

9. EMPLOYEE BENEFIT EXPENSES

(x € 1,000)	2019	2018
Supervisory Board	177	151
Executive Board	893	958
Share-based compensation key management personnel	7	242
Other staff costs:		
Salaries	750	766
Social security contributions	61	50
Pension contributions	25	25
Costs of employee equity participation	167	156
	2,080	**2,348**

FTEs	2019	2018
Average number of staff	8	7

None of the employees were employed outside the Netherlands.

10. OTHER OPERATING EXPENSES

The other operating expenses can be specified as follows:

(x € 1,000)	2019	2018
Car and travel expenses	25	10
Other expenses	2,099	2,326
	2,124	**2,336**

Other expenses in 2019 include € 619 thousand related to the research of potential strategic combinations and to the acquisition of Additude, BNV and Proficium (2018: € 315 thousand related to the research of potential strategic combinations and to the acquisition of NedMobiel, InTraffic and a part of the costs related to the acquisition of Additude).

11. FINANCIAL INCOME AND EXPENSES

The financial expenses comprise bank costs and interest on loans. The 2019 financial expenses also include an amount of € 448 thousand for interest on the deferred acquisition consideration, mainly relating to Additude and IHTS (2018: € 130 thousand for interest on the deferred acquisition consideration relating to IHTS). The financial income comprised received bank interest, interest from the loans to associates and in 2018 the release of the deferred acquisition consideration liability related to IHTS of € 0.2 million.

12. ONE-OFF ACCOUNTING GAINS

For the one-off accounting gains, see note 27 of the consolidated financial statements.

13. INCOME TAX EXPENSES

(x € 1,000)	2019	2018
Current tax	(777)	(441)
Deferred tax	-	(42)
Total tax credit	**(777)**	**(483)**

(x € 1,000)	2019		2018	
Result before taxation	1,841		8,908	
Income tax based on prevailing rate, in the Netherlands 25.0% (2018: 25.0%)	460	25.0%	2,227	25.0%
Permanent differences				
Effect of non-deductible expenses	475	25.8%	260	2.9%
Effect of result from subsidiaries, joint ventures and associates	(1,399)	-76.0%	(1,889)	-21.2%
Effect of non-taxable income	(26)	-1.4%	(1,081)	-12.1%
Effect of change in tax percentages	(287)	-15.6%	-	-
Income tax credit / Average effective tax rate	**(777)**	**-42.2%**	**(483)**	**-5.4%**

Non-taxable income and non-deductible expenses represent adjustments for income and expenses not subject to taxation. In 2018 non-taxable income pertained to the one-off accounting gains related to the revaluation to fair value of the 50% stake in InTraffic and the profit on dilution of GreenFlux.

ICT Group N.V., together with its group companies in the Netherlands, but excluding BMA Telenatal B.V., Proficium B.V. and Proficium OVK B.V., forms one single fiscal unity. Tax is calculated and recharged within the fiscal unity as if these group companies were paying tax on a independent return basis.

14. INDEPENDENT AUDITOR'S FEES

For the independent auditor's fees, see note 30 of the consolidated financial statements.

15. REMUNERATION OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

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

16. COMMITMENTS AND CONTINGENCIES NOT INCLUDED ON THE BALANCE SHEET

With the exception of the guarantees and lease commitments, see note 32 in the consolidated financial statements.

Guarantees

At the balance sheet date the guarantees outstanding for ICT Group N.V. amounted to € 353 thousand (2018: € 540 thousand). These guarantees were provided in connection with current rental and client commitments.

Under the Company's credit facility, ICT Group N.V., ICT Netherlands B.V., Improve Quality Services B.V., ICT Nearshoring B.V., Raster Beheer B.V., Raster Industriële Automatisering B.V., Raster Products B.V. (until 30 April 2019), ICT Healthcare Technology Solutions B.V., InTraffic B.V., OrangeNXT B.V. and NedMobiel B.V. have pledged their current and future receivables from trading activities as collateral.

Rental and lease commitments

For 2019 the table below shows the liabilities related to rental commitments for offices, only related to the service costs, as the finance costs are capitalised as lease assets under IFRS 16.

For 2018 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 vary from 3 to 5 years depending on the rental contracts.

Rental (x € 1,000)	**2019**	2018
No later than 1 year	96	475
Later than 1 year and no later than 5 years	98	1,054
Later than 5 years	-	-
Total	**194**	**1,529**

For 2019 the table below shows the liabilities relating to the service costs part of the operating leases for cars provided to employees, each lease having a term of up to four years.

Car lease (x € 1,000)	**2019**	2018
No later than 1 year	7	34
Later than 1 year and no later than 5 years	9	7
Total	**16**	**41**

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 2019:

- ICT Netherlands B.V.
- Raster Beheer B.V., Raster Industriële Automatisering B.V. and until 30 April 2019 Raster Products B.V.
- Improve Quality Services B.V.
- ICT Nearshoring B.V.
- NedMobiel B.V.
- OrangeNXT B.V.
- InTraffic B.V. (since 1 January 2019)
- ICT Healthcare Technology Solutions B.V. (since 25 June 2019)
- New Mobility Ventures B.V. (since 1 August 2019)
- BNV Mobility B.V. (since 1 August 2019)

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 fiscal unit.

Article 403 Statement Book 2 of the Dutch Civil Code

ICT Group N.V. is jointly and severally 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.

17. SUBSEQUENT EVENTS

Barendrecht, 27 February 2020

Executive Board

J.H. Blejie
W.J. Wienbelt

Supervisory Board

Th. J. van der Raadt (Chairman)
D. Luthra (Vice Chairman)
W.N. van de Bunt
A. de Vries-Schipperijn

OTHER INFORMATION

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 2019 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 2019

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 2019 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 2019 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 2019 of ICT Group N.V., Barendrecht.
The financial statements include the consolidated financial statements of ICT Group N.V. together with its subsidiaries (together: 'the Group') and the company financial statements.
The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2019;
- the following statements for 2019: the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

The Company financial statements comprise:

- the company balance sheet as at 31 December 2019;
- the company income statement for the year then ended;
- the notes to the company financial statements, comprising the accounting policies applied and other explanatory information.

The financial reporting framework 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. We have further described our responsibilities under those standards 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 Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (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, Dutch Code of Ethics).

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. The stakeholders focus on return on investment, which is driven by both revenue and results. As a result of the strategy and the Company's business activities, the results fluctuate. Revenue is therefore considered as the primary focus of the stakeholders. 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 determined materiality and 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.

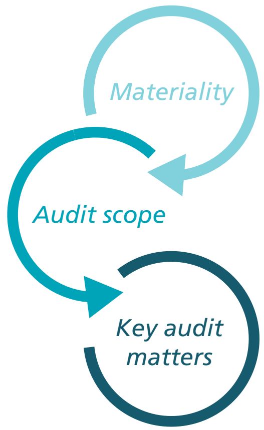
ICT Group N.V. operates through projects for its clients with a fixed price and/or 'time and material' arrangements. For fixed price projects the Company used the 'over time' revenue recognition which requires the Company to estimate the cost to complete and the stage of completion at every reporting date as these indicates the progress of the performance obligations. 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 other 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 accounting treatment and purchase price allocation of the acquisitions of Additude, Kodar, BNV and Proficium, the implementation of IFRS 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 level included the appropriate skills and competences, which are needed for the audit of an IT services provider. We therefore, included specialists and experts in our team.

The outline of our audit approach was as follows:



Materiality

- Overall materiality: €1,554,000.

Audit scope

- We conducted full scope audits in the Netherlands (ICT Group N.V., ICT Netherlands B.V. and InTraffic B.V.), Sweden (Additude AB and Additude Excellence AB) and Bulgaria (Strypes EOOD).
- We conducted a site visit to Additude.
- Audit coverage: 84% of consolidated revenue, 83% of consolidated total assets and 99% of consolidated profit before tax.

Key audit matters

- Valuation of the revenue to be invoiced (including contract assets).
- Impairment assessment of goodwill and other intangible assets.

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.

Overall group materiality	€1,554,000 (2018: €1,298,000).
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 which we did not consider 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 Company.
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 €400,000 and €1,550,000.

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

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €75,000 (2018: €60,000) 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, in aggregate, provide sufficient coverage of the financial statements for us 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 component level by the Group engagement team and by each component auditor.

The group audit primarily focussed on the significant component ICT Netherlands B.V., Barendrecht, the Netherlands.

This component is subjected to an audit of its complete financial information, as the component is individually significant to the Group. In order to obtain sufficient audit coverage on the relevant financial statement line items, we have performed audits of the complete financial information of the non-significant components: Additude AB, Additude Excellence AB, Strypes EOOD and InTraffic B.V.

In total, in performing these procedures, we achieved the following coverage on the financial statement line items:

- Revenue 84%
- Total assets 83%
- Profit before tax 99%

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.

For components InTraffic B.V., Strypes EOOD Ltd., Additude AB and Additude Excellence AB we used component auditors who are familiar with the local laws and regulations to perform the audit work. The group engagement team performed the audit work on ICT Netherlands B.V. and all other components.

Where component auditors performed the work, we determined the level of involvement we needed to have in their audit work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

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. We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk analysis, materiality and scope of the work. We explained to the component audit teams the structure of the Group, the main developments that are relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach.

The group engagement team visited Additude AB and Additude Excellence AB during planning in which we met with local management and discussed the audit approach with the component auditor. In February 2020, we conducted an in-depth file review on the component auditor's audit file for group reporting purposes.

The group engagement team performed the audit work on the group consolidation, financial statement disclosures and a number of complex items at the head office. These complex items include the assessment of the changes in segment reporting and the impairment assessment of goodwill and other intangible assets.

By performing the procedures above at 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 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.

We addressed the key audit matters 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 comment or observation we made on the results of our procedures should be read in this context.

Key audit matter	Our audit work and observations
Valuation of the revenue to be invoiced (including contract assets)	
Note 15 The revenue to be invoiced, consisting of the revenue to be invoiced for time and material projects and the contract assets related to fixed price projects, amount to €12.1 million and represent 10% of the consolidated balance sheet total at 31 December 2019. The use of the 'over time' revenue recognition and profit recognition on fixed price projects, requires the Company to apply a single method of measuring progress toward complete satisfaction of the performance obligation (an input method). The input for the performance obligation is based on the actual time spent and costs incurred. Progress is measured based on the sum of the hours and cost incurred compared to the total estimated costs for the project. When it is probable that total costs will exceed total project revenue, the expected loss is recognised immediately. Measurement of revenue recognised 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 mainly related to estimation of the cost to complete of the projects (input method), expected revenues and the related progress of the performance obligation, which the Company applies for recognising 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. The executive board has also considered this area to be a key accounting estimate as disclosed in the 'critical accounting estimates and 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 measurement of the revenue to be invoiced based on the project revenue recognition. We tested the operating 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 measurement of the satisfaction of the performance obligation was determined and the estimated cost to complete was estimated. The internal controls over the assessment of the progress toward complete satisfaction of the performance obligation and the estimated cost to complete improved compared to prior year, however not sufficient for the full year. 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 the executive board, we performed so-called look-back procedures, 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 the executive board's estimates fell within an acceptable range. We used this 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 greater than €1,000,000. These larger projects are, in our experience with those projects within the Company, more unique and complex and therefore, considered as the projects with the most significant estimates. We also tested projects with revenue to be invoiced or a contract asset (or liability) related to fixed price projects exceeding €1,000,000 as at 31 December 2019. We challenged the assumptions and estimates applied by the executive board, and obtained supporting evidence, such as project budgets and detailed planning and discussed this with the responsible project managers. 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 by available evidence. With respect to onerous contracts, we compared total estimated revenue with total estimated costs for all projects and considered the results of the back testing and other testing performed to assess the completeness of the list of loss-making contracts and/or projects. We found no material exceptions with respect to estimates relating to loss making contracts as the Company did not have any significant onerous contracts. We also tested the accuracy and completeness of costs incurred and verified whether the allocation of costs is accurate.

Key audit matter	How our audit addressed the matter
Impairment assessment of goodwill and other intangible assets	
Notes 9 and 10 The goodwill and other intangible assets amount to respectively €37.5 million and €21.2 million and represent 47% of the consolidated balance sheet total at 31 December 2019. Goodwill is subject to an annual impairment test, other intangible assets with no indefinite useful life only when triggers are identified. The executive board has not identified events that would trigger an impairment test, hence no impairment assessment has been conducted regarding other intangible assets. In 2019, the executive board changed the operating segments (Note 22) into clusters which group the different operating segments based on business and geographical similarity. This also changed their CGU identification and the allocation of the goodwill to the segments. Impairments are recognised when the carrying value is higher than the recoverable amount. 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 the executive board 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 discount rate and the growth rates in the Company's discounted cash flow calculations and future cash flow forecasts. 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 as a key audit matter for our audit.	We tested the executive board's triggering event analysis through a combination of inquiry, market research and evaluating historical figures and concur with the executive board's views that based on the available information and knowledge no triggers are applicable. We challenged the executive board's CGU identification and goodwill allocation to the clusters based on the relevant aspects (revenue, profitability and personnel costs). We focused on whether they had identified all the relevant CGUs. We evaluated and challenged the composition of the executive board's future cash flow forecasts, and the process by which they were drawn up. We found that the executive board had followed their process for drawing up future cash flow forecasts, which was consistent with the, by the supervisory board approved, multi-annual plan. We compared the current year actual results with the FY19 results included in the prior year forecast to consider whether any forecasts included assumptions that, with hindsight, had been optimistic. We, assisted by our valuation experts, challenged the executive board 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. For all CGUs we also challenged the executive board'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 also assessed the adequacy of the Company's disclosure notes 9 and 10 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 report of the executive board;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;
- the company profile, financial highlights 2019, message from the CEO, shareholder information, making the world a little smarter every day, members of the executive and supervisory board, contributing to a smarter world every day, risk management and internal control, corporate governance, report of the supervisory board and the appendices.

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 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Our appointment

We were first appointed as auditors of ICT Group N.V. at the annual meeting held on 10 May 2017. Our appointment has been renewed in the annual meeting held on 15 May 2019 representing a total period of uninterrupted engagement appointment of 3 years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

There are no other services, in addition to the audit, provided to the Company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 29 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements 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.

Eindhoven, 27 February 2020

PricewaterhouseCoopers Accountants N.V.

Original has been signed by W.C. van Rooij RA

APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2019 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 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 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 supervisory board 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

	2019	2018	2017	2016	2015
Results (× € 1,000)					
Revenue	155,469	129,854	104,989	89,729	71,787
EBITDA Pre-IFRS 16	11,727	13,474	11,998	10,296	7,142
EBITDA Post-IFRS 16	16,526	n.a.	n.a.	n.a.	n.a.
Amortisation / depreciation / impairment	11,582	4,950	3,559	2,924	1,824
Operating profit	4,944	8,524	8,439	7,372	5,318
Net profit [1), 2)]	2,618	9,391	5,226	5,006	3,551
Net cash flow from operating activities	14,430	11,112	7,914	5,058	6,122
Dividend	2,870	3,596	3,294	3,065	2,099
Assets (x € 1.000)					
Non-current assets	78,372	51,118	40,877	43,854	30,746
Current assets	46,038	44,524	40,698	35,296	27,482
Non-current liabilities	29,905	9,009	10,702	13,722	5,303
Current liabilities	39,962	32,409	23,212	21,719	17,428
Shareholders' equity (incl. minority share)	54,543	54,224	47,661	43,709	35,497
Total assets	124,410	95,642	81,575	79,150	58,228
Employees					
FTE as at 31 December	1,413	1,227	990	919	764
Average number of FTEs	1,346	1,134	966	836	711
Revenue per employee (x € 1,000)	116	115	109	107	101
EBITDA per employee (x € 1,000)	12	12	12	12	10
Operating profit per employee (x € 1,000)	4	8	9	9	7

	2019	2018	2017	2016	2015
Ratios					
EBITDA/revenue	10.6%	10.4%	11.4%	11.5%	9.9%
Operating profit / revenue	3.2%	6.6%	8.0%	8.2%	7.4%
Net profit / revenue [1), 2)]	1.7%	7.2%	5.0%	5.6%	4.9%
Net profit / average shareholders' equity [1), 2)]	4.8%	19.2%	11.4%	12.6%	10.2%
Current assets / current liabilities	1.15	1.37	1.75	1.63	1.58
Shareholders' equity / total assets	0.44	0.57	0.58	0.55	0.61
Per share of € 0.10 (nominal)					
Net profit [1), 2), 3)]	0.27	0.99	0.56	0.56	0.41
Net cash flow from operating activities [3)]	1.52	1.18	0.85	0.56	0.70
Dividend [4), 5)]	0.30	0.38	0.35	0.33	0.24
Shareholders' equity (excl. minority share) [4)]	5.64	5.63	4.98	4.66	4.06
Outstanding ordinary shares at year end	9,565,010	9,463,878	9,411,301	9,288,309	8,747,544
Average outstanding ordinary shares during the year	9,521,946	9,440,334	9,360,010	8,968,516	8,747,544

1) Represents the net profit attributable to the shareholders of ICT Group N.V.
2) In 2019 the net profit includes one-off accounting gains of € 0.7 million related to the revaluation of ICT's stake in GreenFlux. In 2018 the net profit includes one-off accounting gains of € 4.1 million related to the acquisition of the remaining 50% stake in InTraffic (€ 3.5 million) and the revaluation of ICT's stake in GreenFlux (€ 0.6 million); In 2016 the net profit included 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 distributions in 2020, 2019, 2018, 2017 and 2016 shareholders were offered the option: cash or shares.

NON-FINANCIAL REPORTING CRITERIA, PROCESS AND METHODS

This Appendix provides specific information on the reporting process and reporting methods ICT used to arrive at the non-financial reporting figures and topics included in this report.

REPORTING CRITERIA – GRI STANDARDS 'COMPREHENSIVE'

This Annual Report has been prepared in accordance with the comprehensive option of the GRI standards. This includes an overview of the GRI Standards covered by this Annual Report.

REPORTING PERIOD AND REPORTING FREQUENCY

The Annual Report presents both quantitative and qualitative data for the calendar year 2019. The quantitative and qualitative data is reported annually, except for the data as reported in the half-year and quarterly reports.

REPORTING BOUNDARIES AND PROCESS

This Annual Report contains data of all ICT companies and are accounted for according ICT's share of equity. The data from acquired and divested companies is taken into account as from the acquisition date or until the divestment date.

Both the qualitative and quantitative data is reported by the companies to the finance team on ICT Group NV level. The data is consolidated on ICT Group NV level. The first validation of data is performed at company level and further validated at Group level by the group controller, manager reporting & compliance and financial controller. The reporting of non-financial information is part of the financial reporting process. The applied reporting process and definitions are formalised in ICT Group's non-financial reporting manual. The non-financial reporting manual provides guidance on how to measure, calculate and estimate data.

EXTERNAL ASSURANCE IS ONLY APPLIED ON THE FINANCIAL STATEMENTS

In the Annual Report 2019 the external assurance is only applied on the financial statements and not on the whole Annual Report.

RECORD ESTIMATION METHODS AND CALCULATIONS UNDERLYING NON-FINANCIAL KPI'S

Energy consumption and CO_2 emissions

The CO_2 emissions are calculated based on the CO_2 performance ladder manual 3.0 as established by SKAO. The CO_2 emission categories as recorded in the CO_2 performance ladder manual 3.0 is a derivative from the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard but the grouping in scopes differs.

The scope 1 emissions of ICT Group N.V. includes the CO_2 emissions from lease cars and gas used in our offices. The scope 2 emission of ICT Group N.V. includes CO_2 emissions from electricity, business air travel, geothermal heating and public transport.

To calculate the CO_2 emissions ICT Group N.V. uses the conversion factors is prescribed in the CO_2 performance manual.

The data to calculate the CO_2 emissions is measured four times a year using a standardised report.

HR related KPI's

HR data is obtained four times a year using a standardised report. The HR data is derived from the financial administration and HR systems in which the data on which the KPI's are based are recorded. Some HR KPI's are composed once a year based on investigations (e.g. employee satisfaction).

Other KPI's

Other KPI's are measured at least once a year (e.g. customer satisfaction) or continuously tracked (e.g. accidents) based on the definitions as formalised in ICT Group's non-financial reporting manual.

GRI CONTENT INDEX

GRI Standard Number	GRI content index	Chapter
Organisational profile		
GRI 102-1	Name of the organization	Company Profile
GRI 102-2	Activities, brands, products, and services	Company Profile
GRI 102-3	Location of headquarters	Corporate Governance
GRI 102-4	Location of operations	Company Profile
GRI 102-5	Ownership and legal form	Corporate Governance
GRI 102-6	Markets served	Strategy execution in 2019 and focus in 2020
GRI 102-7	Scale of the organization	Company 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, Ambitious sustainable employer
GRI 102-9	Supply chain	Strategy execution in 2019 and focus in 2020
GRI 102-10	Significant changes to the organization and its supply chain	Strategy execution in 2019 and focus in 2020
GRI 102-11	Precautionary principle or approach	ICT's risk management approach is recorded in Report of the Executive Board, Risk management and internal control
GRI 102-12	External initiatives	Report of the Executive Board, Sustainable innovation
GRI 102-13	Membership of associations	Appendix Memberships
Strategy		
GRI 102-14	Statement from senior decision-maker	Message from the CEO, Report of the Executive Board, Report of the 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	Strategy execution in 2019 and focus in 2020, Report of the Executive Board, Ambitious sustainable 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, Supervisory Board report
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	Report of the Executive Board, Sustainable innovation
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	Strategy execution in 2019 and focus in 2020

GRI Standard Number	GRI content index	Chapter
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	Report of the Supervisory Board and Corporate governance
GRI 102-25	Conflicts of interest	Corporate governance
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	Report of the Supervisory Board and Corporate governance
GRI 102-27	Collective knowledge of highest governance body	Report of the Supervisory Board
GRI 102-28	Evaluating the highest governance body's performance	Report of the Supervisory Board
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 execution in 2019 and focus in 2020, Report of the Executive Board
GRI 102-32	Highest governance body's role in sustainability reporting	Report of the Executive Board, Sustainable innovation
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	Report of the Supervisory Board
GRI 102-36	Process for determining remuneration	Report of the Supervisory Board
GRI 102-37	Stakeholders' involvement in remuneration	Corporate governance
GRI 102-38	Annual total compensation ratio	Report of the Supervisory Board
GRI 102-39	Percentage increase in annual compensation ratio	Report of the Supervisory Board
Stakeholder engagement		
GRI 102-40	List of stakeholder groups	Strategy execution in 2019 and focus in 2020
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 execution in 2019 and focus in 2020
GRI 102-43	Approach to stakeholder engagement	Strategy execution in 2019 and focus in 2020
GRI 102-44	Key topics and concerns raised	Strategy execution in 2019 and focus in 2020
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 execution in 2019 and focus in 2020
GRI 102-47	List of material topics	Strategy execution in 2019 and focus in 2020
GRI 102-48	Restatements of information	There have been no restatements of information in 2018
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	28 Feburary 2019
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 102-54	Claims of reporting in accordance with GRI standards	Appendix - Non-financial reporting criteria, process and methods
GRI 102-55	GRI content index	GRI Content Index
GRI 102-56	External assurance	Appendix - Non-financial reporting criteria, process and methods
Management approach		
GRI 103	Explanation of the material topic and its Boundary	Strategy execution in 2019 and focus in 2020
GRI 103	The management approach and its components	Strategy execution in 2019 and focus in 2020
GRI 103	Evaluation of the management approach	Strategy execution in 2019 and focus in 2020
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, Sustainable innovation
GRI 205-3	Confirmed incidents of corruption and actions taken	Report of the Executive Board, Sustainable innovation
GRI 206	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Report of the Executive Board, Sustainable innovation
Energy consumption		
GRI 302-1	Energy consumption within the organization	Report of the Executive Board, Sustainable innovation
GRI 302-4	Reduction of energy consumption	Report of the Executive Board, Sustainable innovation
GRI 305-1	Direct (Scope 1) GHG emissions	Report of the Executive Board, Sustainable innovation
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Report of the Executive Board, Sustainable innovation
GRI 305-5	Reduction of GHG emissions	Report of the Executive Board, Sustainable innovation
GRI 307-1	Non-compliance with environmental laws and regulations	Report of the Executive Board, Sustainable innovation

GRI Standard Number	GRI content index	Chapter
People		
GRI 401-1	New employee hires and employee turnover	Report of the Executive Board, Ambitious sustainable 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, Ambitious sustainable 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, Ambitious sustainable employer
GRI 404-1	Average hours of training per year per employee	Report of the Executive Board, Ambitious sustainable employer
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Report of the Executive Board, Ambitious sustainable employer
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Report of the Executive Board, Ambitious sustainable employer
GRI 405-1	Diversity of governance bodies and employees	Report of the Executive Board, Ambitious sustainable employer
GRI 405-2	Ratio of basic salary and remuneration of women to men	Report of the Executive Board, Ambitious sustainable employer, Corporate Governance
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

OUR SUBSIDIARIES AND PARTICIPATIONS

The Netherlands

ICT Group N.V.
Kopenhagen 9, 2993 LL, Barendrecht (Head office)

ICT Netherlands B.V.
Kopenhagen 9, 2993 LL, Barendrecht
Voltastraat 4, 4622 RP, Bergen op Zoom
Munsterstraat 7, 7418 EV, Deventer
Wilhelminakanaal Zuid 110, 4903 RA, Oosterhout
Rozenburglaan 1, 9727 DL, Groningen
Amerikalaan 80a, 6199 AE, Maastricht Airport
Professor Dr. Dorgelolaan 30, 5613 AM, Eindhoven

ICT Nearshoring B.V.
Kopenhagen 9, 2993 LL, Barendrecht

ICT Healthcare Technology Solutions B.V.
De Molen 1, 3994 DA, Houten

Improve Quality Services B.V.
Professor Dr. Dorgelolaan 30, 5613 AM, Eindhoven

OrangeNXT B.V.
Kopenhagen 9, 2993 LL, Barendrecht
John F. Kennedylaan 2, 5612 AB Eindhoven

BMA Telenatal B.V.
De Molen 1, 3994 DA, Houten

InTraffic B.V.
Iepenhoeve 11, 3438 MR, Nieuwegein

NedMobiel B.V.
Haagweg 1, 4814 GA, Breda

ICT Motar B.V.
Kopenhagen 9, 2993 LL, Barendrecht

ICT Participations B.V.
Kopenhagen 9, 2993 LL, Barendrecht

Proficium B.V.
De Corridor 14t, 3621 ZB, Breukelen

Proficium OVK B.V.
De Corridor 14t, 3621 ZB, Breukelen

Additude B.V.
Kopenhagen 9, 2993 LL, Barendrecht

Raster Beheer B.V.
Oude Maasdijk 30, 6621 AC, Dreumel

Raster Industriële Automatisering B.V.
Oude Maasdijk 30, 6621 AC, Dreumel

New Mobility Ventures B.V.
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