

PRESS RELEASE

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Rotterdam, August 18, 2021

H1 2021 results ICT Group

Sustained robust performance in first half 2021

Highlights H1 2021

- Revenue was up 10% at € 89.7 million, organic revenue growth of 3%
- EBITDA increased 19% to € 10.6 million; EBITDA margin improved to 11.9% (H1 2020: 10.9%)
- Net profit came in at € 9.6 million (H1 2020: € 2.1 million). The increase is due to positive results and a one-off profit on the sale of minority stake in GreenFlux
- Three acquisitions were completed in the first half: Yellowstar; Profit and Strypes Nederland and Portugal

Recommended all-cash public offer

- On 26 July 2021 the Consortium led by NPM declared the offer unconditional
- Upon settlement, 30 July 2021, the changes to the composition of the Supervisory Board of ICT Group, as approved by the EGM on 9 July 2021, became effective.
- In total, including the shares tendered during the post-acceptance period, the Consortium holds 98.3% of the share capital of ICT Group
- The last day of trading of the ICT Group shares will be on 3 September 2021

Key figures

(in millions of €)	H1 2021	H1 2020	Change
Revenue	89.7	81.4	10.2%
Revenue Added Value	76.8	67.6	13.6%
EBITDA	10.6	8.9	19.1%
Amortisation / depreciation	7.8	6.1	27.9%
Result from sale associates	8.2	-	-
Net profit	9.6	2.1	-
(in €)			
Earnings per share (*)	0.98	0.20	-

(*) Based on net profit and the average number of outstanding ordinary shares.

Jos Blejje, CEO of ICT Group N.V.:

We saw the key trends continuing in the 1st half of 2021, with our nearshoring and project activities sustaining their strong performance. These developments led to an increase in revenue and EBITDA in the first half of 2021, compared to the same period in 2020 when the Covid-19 impact started to kick in, in particular in Q2 2020. Inflow of new recruits increased as mobility on the labour market picked up quite well after the Covid-19 constraints. Simultaneously, however, we saw an increase in outflow holding back our organic growth.

Now the offer on all ICT Group shares has been declared unconditional, ICT is about to conclude an important era as listed company. We would like to thank our shareholders for their support during this period in which ICT evolved into a European industrial technology solutions provider.”

Notes to the results

Performance ICT Group

In the first half of 2021 ICT Group's revenue came in at € 89.7 million, a 10% increase compared to € 81.4 million reported in H1 2020. Organically, excluding acquisitions and divestments, revenue increased by 3%.

Personnel costs increased to € 54.6 million (H1 2020: € 49.1 million), in line with the increase in FTE's and salary increases.

Other operating expenses increased from € 9.6 million in H1 2020 to € 11.6 million in the first half of 2021, due to continued cost containment discipline offset by higher costs related to strategic initiatives.

For the first six months of 2021 EBITDA came in at € 10.6 million, an increase of 19% compared to € 8.9 million in the comparable period in 2020. The EBITDA margin increased to 11.9% (H1 2020: 10.9%).

Performance per segment

Per segment (in € millions)	H1 2021		H1 2020		Δ	
	Revenue	EBITDA	Revenue	EBITDA	Revenue	EBITDA
Engineering R&D	22.6	4.4	20.0	2.1	10.0%	130.0%
Industrial Automation	17.9	2.7	18.2	2.1	(1.6)%	28.6%
Infra & Mobility	19.0	2.5	19.3	2.8	(1.6)%	(10.7)%
Bulgaria	10.7	2.6	8.5	1.7	25.9%	52.9%
Sweden	10.5	0.3	8.9	0.4	18.0%	(25.0)%
Indusoft	10.0	0.8	8.0	0,8	25.0%	0.0%
Other	4.9	(2.7)	4.7	(1.0)	4.3%	(170.0)%
Eliminations	(5.9)	-	(6.2)	-	4.8%	0.0%
	89.7	10.6	81.4	8,9	10.2%	19.1%

Engineering R&D

In this segment, ICT is active in the R&D of the industrial sectors Automotive, High Tech and Machine Building. Engineering R&D is showing a positive performance across all activities. Last year the second quarter was impacted by COVID-19, this half year there hardly was any impact.

Industrial Automation

In this segment Logistics, Industry and Outsourced services are the key markets for ICT. Most activities in this segment showed a favourable performance, in line with expectations. Demand from customers in the industrial sector decreased, which resulted in a decrease in revenue. Overall the productivity levels increased compared to the same period last year.

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. The activities in the public transport segment are still experiencing an impact of COVID-19, resulting in a less positive performance compared to the comparable period last year.

Bulgaria

ICT's nearshoring entity Strypes continued the positive trend of the 2020 and continued to benefit from the increasing demand for nearshoring activities. After expanding to Plovdiv end of 2019, Strypes now also has a presence in Burgas, one of Bulgaria's university cities. The customer base further diversified in the past six months.

Sweden

Additude showed a solid increase in productivity levels. Although the hiring activities are resulting in a good inflow of people, the outflow remains high due to the tight labour market. Therefore Additude still has a higher than usual number of temporary staff which impacts the margins.

Indusoft

As per 1 January 2021, ICT has bundled its offerings of proprietary industry specific software solutions in one cluster. Indusoft includes OrangeNXT, MOTAR, TURNN, Yellowstar and the Healthcare activities. TURNN, ICT's Mobility as a Service activities, felt the impact of COVID-19 on the public transport sector. At OrangeNXT productivity levels are still at lower levels, MOTAR is performing according to plan. Yellowstar, acquired beginning of 2021, is contributing well, in line with expectations.

Other

Improve still experienced the impact of the lockdown measures on the training market. Additude Netherlands and Esprit are performing in line with expectations.

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. Amortisation in the first half of 2021 amounted to € 3.9 million (H1 2020: € 2.6 million). Depreciation for the first half of 2021 amounted to € 3.9 million (H1 2020: € 3.5 million).

The result from associates amounted to a loss of € 0.3 million (H1 2020: profit of € 0.4 million).

Financing expenses came in at € 0.7 million in the first six months of 2021 (H1 2020: € 0.6 million).

Taxes in the first half of 2021 amounted to € 0.5 million, at the same level as the first half of 2020.

The net profit for the first six months of 2021 included a one-off gain of € 8.2 million following the sale of the minority stake ICT held in GreenFlux in June this year. Including this one-off gain, the net profit for H1 2021 came in at € 9.6 million, compared to € 2.1 million in the first half of 2020. The earnings per share came in at € 0.98 (H1 2020: € 0.20). The number of outstanding ordinary shares were stable compared to year-end 2020 and amounted to 9,697,106.

Cash flow movement

In the first half of the year, net operational cash flow decreased to € 4.7 million positive (H1 2020: € 6.8 million positive). The net cash position increased and amounted to € 15.6 million positive per 30 June 2021 (31 December 2020: € 13.1 million positive).

Balance sheet

At the end of the first half of 2021, shareholders' equity stood at € 65.4 million (31 December 2020: € 59.7 million). The balance sheet total increased from € 131.0 million at year-end 2020 to € 155.1 million at 30 June 2021. Solvency (shareholders' equity/total assets) decreased to 42% at the end of June 2021 (46% at year-end 2020), reflecting a sound financial basis.

Acquisitions

The acquisition of 100% of the shares of Yellowstar Solutions Holding B.V. was completed on 4 January 2021. On 1 April 2021, ICT closed the acquisition of Profit Consulting Eindhoven B.V. and Profit Consulting Apeldoorn B.V. as well as the acquisition of Strypes Nederland B.V. The latter includes a subsidiary in Portugal, Strypes Technical Software Unipessoal LDA Portugal, which provides ICT with a new nearshoring location.

Changes in composition Supervisory Board

Effective as of settlement of the offer, which occurred on 30 July 2021, Bart Coopmans, Martijn Koster and Jan-Jaap Bongers joined the Supervisory Board as members of ICT Group designated by the Consortium. Theo van der Raadt and Koen Beeckmans (recommended by the Works Council) continue as Chairman and member of the Supervisory Board, respectively, and they, as independent members of the Supervisory Board, will especially monitor compliance with the Non-Financial Covenants.

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ICT Group N.V. is a leading European industrial technology solutions 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.

Our Industries solutions serve the automotive, manufacturing, high-tech, food, chemicals & pharma, oil & gas and logistics industries. Our Public & Infra solutions are focused on water, rail and road infrastructure as well as public transport and mobility. Across all industries ICT Group offers proprietary industry-specific software solutions, including its own cloud-based platform for IoT, digital transformation and artificial intelligence.

ICT Group N.V. is listed on Euronext Amsterdam and has a presence in the Netherlands, Belgium, Bulgaria, France, Germany, Portugal and Sweden.

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This press release contains information that qualifies as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

Cautionary statement

This press release contains forward-looking statements. Forward-looking statements are always based on assumptions and estimates relating to uncertain events over which ICT Group N.V. has no control. They concern, for example, measures taken by the Dutch and other governments, currency movements, price fluctuations, changes in law and regulations, legal precedents and market developments. ICT Group N.V. would like to stress that the contents of this press release are based on the information that is currently available. The reality can always deviate from expectations for the future. ICT Group N.V. has no obligation to update the statements contained in this document, unless required by law.

In this press release, where information has been presented in thousands or millions of units, amounts may have been rounded. 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.

Annex: Condensed consolidated interim financial statements 30 June 2021

ICT GROUP N.V.

**Condensed consolidated interim
financial statements**

30 June 2021

Condensed interim consolidated statement of comprehensive income

(UNAUDITED)

(x € 1,000)	note	1 January - 30 June 2021	1 January - 30 June 2020
Revenue	1)	89,685	81,377
Cost of Materials and subcontractors		12,928	13,791
Employee benefit expenses		54,550	49,106
Depreciation and amortisation		7,837	6,057
Other operating expenses	2)	11,567	9,625
Total operating expenses		86,882	78,579
Operating profit		2,803	2,798
Financial expenses		(661)	(572)
Financial income		11	5
Result from sale of associates	4)	8,206	-
Result from associates		(246)	396
Result from other financial fixed assets		32	16
Result before taxes		10,145	2,643
Income tax expense		(499)	(538)
Net profit		9,646	2,105
Other comprehensive income (loss), net of tax		(12)	(4)
Total comprehensive income		9,634	2,101
Net profit attributable to:			
- Shareholders of ICT Group N.V.		9,501	1,935
- Non-controlling interests		145	170
Total comprehensive income attributable to:			
- Shareholders of ICT Group N.V.		9,489	1,931
- Non-controlling interests		145	170
Earnings per share:			
Basic earnings per share (in €)		0.98	0.20
Diluted earnings per share (in €)		0.98	0.20

Condensed interim consolidated balance sheet

(Before proposed profit appropriation)

(UNAUDITED)

x €1.000	Note	30 June 2021	31 December 2020
Assets			
NON-CURRENT ASSETS			
Property, plant & equipment		3,503	3,232
Right-of-use assets		16,012	15,309
Goodwill	3)	45,518	38,139
Other intangible assets	3)	24,170	18,705
Investment in associates	4)	28	1,091
Deferred tax assets		781	627
Other financial assets		314	932
		<u>90,326</u>	<u>78,035</u>
CURRENT ASSETS			
Inventory		255	195
Trade and other receivables		48,585	39,041
Corporate income tax receivable		321	629
Cash and cash equivalents		15,571	13,121
		<u>64,732</u>	<u>52,986</u>
TOTAL ASSETS		<u>155,058</u>	<u>131,021</u>
Equity and liabilities			
SHAREHOLDERS' EQUITY			
		<u>65,425</u>	<u>59,670</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		4,947	3,599
Share-based compensation		532	359
Loans (long-term)		21,518	11,006
Lease liabilities (long-term)		10,443	10,245
Deferred acquisition consideration (LT)		3,793	3,890
		<u>41,233</u>	<u>29,099</u>
CURRENT LIABILITIES			
Trade payables		6,009	4,795
Corporate income tax payable		1,568	173
Other taxes and social security premiums		7,658	9,279
Loans (short-term)		6,697	5,688
Deferred acquisition consideration (ST)		1,873	354
Lease liabilities (short-term)		5,630	5,078
Other current liabilities		18,965	16,885
		<u>48,400</u>	<u>42,252</u>
TOTAL EQUITY AND LIABILITIES		<u>155,058</u>	<u>131,021</u>

Consolidated interim statement of changes in equity

(UNAUDITED)

	<i>Attributable to owners of the parent</i>								Non-controlling interest	Total equity
	Issued share capital	Share premium	Currency translation reserve	Legal reserve	Treasury shares	Retained earnings	Profit for the year	Total		
<i>(x € 1,000)</i>										
First half-year 2020										
Balance at 1 January 2020	956	14,194	91	7,371	(13)	28,767	2,618	53,984	559	54,543
Net profit	-	-	-	-	-	-	1,935	1,935	170	2,105
Other comprehensive income	-	-	(4)	-	-	-	-	(4)	-	(4)
Total comprehensive income	-	-	(4)	-	-	-	1,935	1,931	170	2,101
Transfers	-	-	-	(205)	-	205	-	-	-	-
Prior year result allocation	-	-	-	-	-	2,618	(2,618)	-	-	-
Balance at 30 June 2020	956	14,194	87	7,166	(13)	31,590	1,935	55,915	729	56,644
First half-year 2021										
Balance at 1 January 2021	969	15,178	171	8,905	(13)	29,590	4,151	58,951	719	59,670
Net profit	-	-	-	-	-	-	9,501	9,501	145	9,646
Other comprehensive income	-	-	(12)	-	-	-	-	(12)	-	(12)
Total comprehensive income	-	-	(12)	-	-	-	9,501	9,489	145	9,634
Dividends paid	-	-	-	-	-	(3,879)	-	(3,879)	-	(3,879)
Transfers	-	-	-	298	-	(298)	-	-	-	-
Prior year result allocation	-	-	-	-	-	4,151	(4,151)	-	-	-
Balance at 30 June 2021	969	15,178	159	9,203	(13)	29,564	9,501	64,561	864	65,425

Condensed interim consolidated cash flow statement

(UNAUDITED)

According to the direct method (x € 1,000)	Note	First half year 2021	First half year 2020
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		101,405	96,397
Payments to suppliers and employees		<u>(96,648)</u>	<u>(89,207)</u>
		4,757	7,190
Interest paid		(335)	(204)
Income tax (paid) received		<u>232</u>	<u>(147)</u>
		<u>(103)</u>	<u>(351)</u>
Net cash flow from operating activities		4,654	6,839
CASH FLOW FROM INVESTMENT ACTIVITIES			
Additions to property, plant and equipment		(649)	(518)
Additions to software and product development		(1,272)	(1,271)
Acquisition of subsidiaries (net of cash acquired)		(13,531)	(26)
Payment of earn-out liabilities		(120)	(86)
Sale of an associate		8,932	0
(Additions to) / disposal of other financial assets		-	212
		<u>(6,640)</u>	<u>(1,689)</u>
Net cash flow from investment activities		(6,640)	(1,689)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds of borrowings external loans		14,757	0
Repayments of borrowings external loans		(3,269)	0
Payment of lease liabilities		(3,188)	(2,878)
Dividend paid to shareholders of ICT Group N.V.		(3,852)	<u>0</u>
		<u>4,448</u>	<u>(2,878)</u>
Net cash flow from financing activities		4,448	(2,878)
Net cash flow		<u>2,462</u>	<u>2,272</u>
Cash at bank and in hand (net) as at 30 June		15,571	8,034
Exchange rate differences on cash at bank and in hand (net)		(12)	(6)
Cash at bank and in hand (net) at 1 January		<u>13,121</u>	<u>5,768</u>
(Decrease) increase cash and cash equivalents		<u>2,462</u>	<u>2,272</u>

Note to the condensed consolidated interim statement of income

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:

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These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates and joint ventures.

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 1,600 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 Traffic & Transport (InTraffic), Testing and Training (Improve Quality Services), complex infrastructures (INNOCYI) and Enterprise Mobility (OrangeNXT).

The following group companies are included in the consolidation.

Group companies

ICT Netherlands 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%
ICT Belgium BV	Aartselaar (Belgium)	100%
ICT Germany GmbH	Essen (Germany)	100%
ICT Healthcare Technology Solutions B.V.	Houten (the Netherlands)	100%
ICT Healthcare Technology Solutions Belgium B.V.	Bellegem (Belgium)	100%
BMA France SAS	Versailles (France)	100%
OrangeNXT B.V.	Barendrecht (the Netherlands)	100%
NedMobiel B.V.	Breda (the Netherlands)	100%
InTraffic B.V.	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	Malmö (Sweden)	70.55%
Additude B.V.	Barendrecht (the Netherlands)	100%
Kodar Ltd.	Plovdiv (Bulgaria)	100%
UP2 Technology Ltd. ⁵	Sofia (Bulgaria)	100%
TURNN B.V. ⁶	Nieuwegein (The Netherlands)	100%
ICT Indusoft B.V.	Barendrecht (The Netherlands)	100%
Esprit Management & IT services B.V.	Sint-Oedenrode (The Netherlands)	100%
Yellowstar Solutions Holding B.V. ¹	Barendrecht (The Netherlands)	100%
Yellowstar Solutions B.V. ¹	Barendrecht (The Netherlands)	100%
Yellowstar Solutions GmbH ¹	Köln (Germany)	100%
Profit Consulting Apeldoorn B.V. ²	Apeldoorn (The Netherlands)	100%
Profit Consulting Eindhoven B.V. ²	Eindhoven (The Netherlands)	100%
Strypes Holding B.V. ³	's-Hertogenbosch (The Netherlands)	100%
Strypes Nederland B.V. ³	Leersum (The Netherlands)	100%
Strypes Technical Software Unipessoal LDA ³	Lisbon (Portugal)	100%
OrangeNXT GmbH ⁴	Köln (Germany)	100%

Joint ventures and associates ⁵⁾

LogicNets Inc.	Washington D.C. (USA)	20%
ICT-Sensoria NL B.V.	Barendrecht (the Netherlands)	50%
SpringRivet Holding B.V.	Amsterdam (the Netherlands)	20%

¹⁾ At 4 January 2021 Yellowstar Solutions Holding B.V., Yellowstar Solutions B.V. and Yellowstar Solutions GmbH were acquired.

²⁾ At 31 March 2021 Profit Consulting Apeldoorn B.V. and Profit Consulting Eindhoven B.V. were acquired.

³⁾ At 1 April 2021 Strypes Holding B.V., Strypes Nederland B.V. and Strypes Technical Software Unipessoal LDA were acquired.

⁴⁾ At 4 May 2021 OrangeNXT GmbH was incorporated.

⁵⁾ At 9 June 2021 our participation in GreenFlux was divested.

The consolidated interim financial statements were drawn up by the Executive Board and approved for publication by the Supervisory Board on 17 August 2021. The consolidated interim financial statements have not been audited.

In these interim financial statements, where information has been presented in thousands or millions of units, amounts may have been rounded. 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.

Accounting policies

These interim financial statements for the half-year reporting period ended 30 June 2021 have been prepared in accordance with Accounting Standard IAS 34 'Interim Financial Reporting'.

The interim financial statements do not include all the notes of the type normally included in the consolidated financial statements. Accordingly, this report is to be read in conjunction with the consolidated financial statements for the year ended 31 December 2020 and any public announcements made by ICT Group during the interim reporting period.

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020.

Changes in accounting policies

A number of new standards are effective from 1 January 2021 but they do not have a material effect on ICT Group's interim financial statements.

Seasonal influences

As a Group whose revenue is largely dependent on work carried out by professionals, ICT is subject to seasonal influences, a large part of which is determined by holiday periods.

Risks

ICT Group has implemented internal risk management and control systems, the aim of which is to minimise the operational and financial risks of the Company and to limit as much as possible the influence of events on the Company's balance sheet ratios and its results. The most significant operational and financial risks, outlined on pages 48-58 of our 2020 Annual Report, were unchanged in the first half of this year. The 2020 Annual Report is available at www.ict.eu.

For further information, we refer you to section 6 of the 2020 Annual Report, page 110 onwards.

Auditor's statement

The contents of this condensed consolidated interim report have not been audited.

Note 1) Segment information

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.

In 2021 the Executive Board reviews the business from a cluster of operating segments in accordance with IFRS 8 and has identified seven reportable segments: Engineering R&D, Industrial Automation, Infra & Mobility, Bulgaria, Sweden, Indusoft and Other. The segment 'Other' consists of the individual entities, Improve Quality Services B.V., Esprit Management & IT Services B.V., Additude B.V., CIS Solutions GmbH, Strypes Portugal and ICT Belgium B.V..

In comparison with 2020 the segment Indusoft is defined as operating segment and Healthcare Technology is no longer an operating segment. The operating segment Indusoft consists of the individual entities, ICT Healthcare Technology Solutions B.V., ICT Healthcare Technology Solutions Belgium B.V., BMA France SAS, ICT Indusoft B.V., TURNN B.V., OrangeNXT B.V., ICT Motar B.V., Yellowstar Solutions Holding B.V., Yellowstar Solutions B.V. and Yellowstar Solutions GmbH.

In connection with the change in segments, the 2020 comparative disclosure has been adjusted to reflect the 2021 presentation. Profit Consulting Apeldoorn B.V. and Profit Consulting Eindhoven B.V. are part of the Engineering R&D cluster, Strypes Holding B.V. and Strypes Nederland B.V. are part of the Infra & Mobility cluster and Strypes Portugal is part of the cluster 'Other'.

First half year 2021

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

(UNAUDITED)

(X € 1,000)	Engineering R&D	Industrial Automation	Infra / Mobility	Bulgaria	Sweden	Indusoft	Other	Eliminations	Consolidated
Revenue:									
Revenue from professional services	21,488	15,972	16,730	10,518	9,872	4,780	4,312	(3,761)	79,911
Revenue from solutions / products	678	1,331	1,725	158	597	5,227	295	(237)	9,774
Subtotal	22,166	17,303	18,455	10,676	10,469	10,007	4,607	(3,998)	89,685
Inter-segment	477	640	515	-	-	-	268	(1,900)	-
Total revenue	22,643	17,943	18,970	10,676	10,469	10,007	4,875	(5,898)	89,685
Operating expenses directly attributable to the operating segments	13,915	11,455	13,132	6,974	9,016	6,156	5,548	(5,898)	60,298
Segment Gross profit	8,728	6,488	5,838	3,702	1,453	3,851	(673)	-	29,387
Allocated operating expenses	4,348	3,806	3,376	1,108	1,110	3,037	1,962	-	18,747
Operating profit before amortisation and depreciation	4,380	2,682	2,462	2,594	343	814	(2,635)	-	10,640
Allocated amortisation and depreciation	540	777	1,400	330	320	2,680	1,790	-	7,837
Operating profit	3,840	1,905	1,062	2,264	23	(1,866)	(4,425)	-	2,803
Financial expenses									(661)
Financial income									11
Result from sale of associates									8,206
Result from associates									(246)
Result from other fixed assets									32
Profit before taxation									10,145
Taxes									(499)
Net profit									9,646
Segment Assets	26,801	20,897	30,049	12,528	10,518	26,520	91,931	-64,186	155,058
Segment Liabilities	13,644	10,477	14,289	5,097	6,177	14,262	42,957	-17,271	89,632
Other notes									
Operating profit before amortisation and depreciation/total revenues	19.3%	14.9%	13.0%	24.3%	3.3%	8.1%	-54.1%	-	11.9%
Average number of employees (FTE)	339	251	252	341	75	124	135	-	1,517

First half year 2020

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

(UNAUDITED)

(X € 1,000)	Engineering R&D	Industrial Automation	Infra / Mobility	Bulgaria	Sweden	Indusoft	Other	Eliminations	Consolidated
Revenue:									
Revenue from professional services	18,450	15,925	17,142	8,341	8,519	3,132	3,708	(4,367)	70,850
Revenue from solutions / products	1,108	1,422	2,037	167	384	4,848	676	(115)	10,527
Subtotal	19,558	17,347	19,179	8,508	8,903	7,980	4,384	(4,482)	81,377
Inter-segment	489	796	152	-	-	-	344	(1,781)	-
Total revenue	20,047	18,143	19,331	8,508	8,903	7,980	4,728	(6,263)	81,377
Operating expenses directly attributable to the operating segments	13,540	12,453	13,217	5,561	7,583	5,280	5,308	(6,263)	56,679
Segment Gross profit	6,507	5,690	6,114	2,947	1,320	2,700	(580)	-	24,698
Allocated operating expenses	4,382	3,637	3,337	1,223	966	1,917	381	-	15,843
Operating profit before amortisation and depreciation	2,125	2,053	2,777	1,724	354	783	(961)	-	8,855
Allocated amortisation and depreciation	482	776	1,152	308	305	1,510	1,524	-	6,057
Operating profit	1,643	1,277	1,625	1,416	49	(727)	(2,485)	-	2,798
Financial expenses									(572)
Financial income									5
Result from associates									396
Result from other fixed assets									16
Profit before taxation									2,643
Taxes									(538)
Net profit									2,105
Segment Assets	23,086	20,698	25,990	10,050	8,992	16,099	75,806	-51,418	129,303
Segment Liabilities	12,895	10,820	12,177	3,564	4,626	9,141	35,281	-15,845	72,659
Other notes									
Operating profit before amortisation and depreciation/total revenues	10.6%	11.3%	14.4%	20.3%	4.0%	9.8%	-20.3%	-	10.9%
Average number of employees (FTE)	310	259	239	292	75	115	154	-	1,444

Note 1) Disaggregated revenue (continued)

The following table shows revenue disaggregated per category.
The table includes a reconciliation of the disaggregated revenue with ICT Group's segments.

(X € 1,000)	Reportable segments		Segment other		Eliminations segments		All segments	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Revenue								
Secondment	25,344	27,515	1,998	1,869	(1,792)	(3,305)	25,550	26,079
Projects	48,332	42,554	1,799	1,566	(1,882)	(2,391)	48,249	41,729
Recurring	8,211	5,129	-	3	(43)	(113)	8,168	5,019
Product sales	1,228	1,818	-	-	-	-	1,228	1,818
Other	5,960	5,896	813	948	(283)	(112)	6,490	6,732
	89,075	82,912	4,610	4,385	(4,000)	(5,921)	89,685	81,377

Note 2) Other operating expenses

In the first half-year 2021 the other operating expenses contain € 2.0 million for M&A costs and strategic initiatives. In the first half-year 2020 the other operating expenses contain € 1.0 million for M&A costs.

Note 3) Business combinations and acquisition of subsidiaries

Acquisition of 100% of shares Yellowstar

On 4 January 2021 ICT acquired 100% of the shares and voting interest in Yellowstar Holding B.V. and its subsidiaries Yellowstar Solutions B.V. and Yellowstar Solutions GmbH. Yellowstar is consolidated as from 1 January 2021. Yellowstar provides web-based solutions offering real-time insight, access and control in supply chains. The company employs approximately 80 people and reports annual turnover of approximately € 8 million.

The acquisition of Yellowstar is in line with the growth strategy of ICT. Yellowstar strengthens ICT's position in the industrial, trade, retail and logistics markets. Furthermore, Yellowstar's high-end and own IP supply chain software solutions will enhance ICT's software offering and consequently increase ICT's recurring revenue base.

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	6,500
Deferred / contingent acquisition consideration	1,603
Total consideration transferred	8,103

Deferred / contingent acquisition consideration

The purchase consideration for 100% of the shares amounted to € 7,725 thousand transferred in cash at acquisition date. The discounted deferred acquisition consideration of € 1,603 represents the fair value as at the acquisition date and will be payable in March 2022 ultimately.

Acquisition-related costs

The Company incurred acquisition-related costs including legal fees and due diligence costs. These costs were included in 2020 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.

	Carrying amount	Fair value adjustments	Recognised values
Intangible assets: Order Backlog	-	650	650
Intangible assets: Customer relations	-	2,825	2,825
Intangible assets: Software	-	1,322	1,322
Intangible assets: Brand name	-	479	479

Tangible fixed assets	218	-	218
Right of use assets	1,027	-	1,027
Financial fixed assets	13	-	13
Cash and cash equivalents	262	-	262
Other current assets	2,246	-	2,246
Non-current liabilities	(6)	-	(6)
Current liabilities (excluding lease liabilities)	(1,343)	-	(1,343)
Lease liabilities	(1,027)	-	(1,027)
Deferred tax liabilities	-	(1,319)	(1,319)
Total identifiable net assets acquired	1,390	3,957	5,347

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 € 2,139 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	8,103
Fair value of identifiable net assets	5,347
Goodwill	2,756

The goodwill is mainly attributable to the motivated and experienced management team of Yellowstar, the quality workforce that fits directly within the ICT team and potential for growth in 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 (preliminary) Purchase Price Allocation exercise. The valuations are as following:

- Customer relations have been valued for € 2,825 thousand to be amortised over a period of 7 years as from acquisition date.
- Software has been valued for € 1,322 thousand to be amortised over a period of 7 years as from acquisition date.
- Brand name has been valued for € 479 thousand to be amortised over a period of 10 years as from acquisition date.
- Order backlog has been valued at € 650 thousand to be amortised over a period of 1 year.

As a result, the total amortisation amounts to € 645 thousand in the first half of 2021 (€ 202 thousand on customer relations, € 94 thousand on software, € 24 thousand on Brand name and € 325 thousand on order backlog). The amortisation in the second half of 2021 will amount to € 645 thousand. 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 € 484 thousand in the first half-year.

Acquisition of 100% of shares Profit

On 31 March 2021 ICT acquired 100% of the shares of Profit Consulting Apeldoorn B.V. and Profit Consulting Eindhoven B.V.. Both entities are consolidated as from 1 April 2021. Profit is a service provider in technical automation which was founded in 1998. It designs, develop and implements complex software solutions for high-end technical surroundings in a broad range of industries: healthcare, automotive, semiconductor, aviation and spacecraft industry and government. The acquisition of Profit increases ICT's scale and market share in the technical automation industry. Profit employs approximately 30 FTE and reported revenue of € 3.9 million in 2020.

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	2,970
Total consideration transferred	2,970

Acquisition-related costs

The Company incurred acquisition-related costs including legal fees and due diligence costs. These costs were included in 2021 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.

	Carrying amount	Fair value adjustments	Recognised values
Intangible assets: Order Backlog	-	200	200
Intangible assets: Customer relations	-	530	530
Tangible fixed assets	8	-	8
Cash and cash equivalents	541	-	541
Other current assets	806	-	806
Current liabilities	(357)	-	(357)
Deferred tax liabilities	-	(183)	(183)
Total identifiable net assets acquired	998	547	1,545

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 € 745 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	2,970
Fair value of identifiable net assets	1,545
Goodwill	1,425

The goodwill is mainly attributable to the motivated and experienced management team of Profit, the quality workforce that fits directly within the ICT team and potential for growth in 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 (preliminary) Purchase Price Allocation exercise. The valuations are as following:

- Customer relations have been valued for € 530 thousand to be amortised over a period of 7 years as from acquisition date.
- Order backlog has been valued at € 200 thousand to be amortised over a period of 1 year.

As a result, the total amortisation amounts to € 102 thousand in the first half of 2021 (€ 19 thousand on customer relations and € 83 thousand on order backlog). The amortisation in the second half of 2021 will amount to € 155 thousand. 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 € 77 thousand in the first half-year.

Acquisition of 100% of shares Strypes Holding

On 1 April 2021 ICT acquired Strypes Holding B.V. and its subsidiaries Strypes Nederland B.V. and Strypes Technical Software Unipessoal LDA. Strypes Holding is consolidated as from 1 April 2021 Strypes is a service provider in the field of technical and industrial automation. The company mainly operates in the transport and infrastructure market and is also active in Life Sciences, High Tech, Industry and Utilities market. With the acquisition of Strypes, ICT strengthen its position in the Infrastructure market in the Netherlands in terms of scale, products and additional expertise. Strypes has a subsidiary in Portugal, Strypes Technical Software Unipessoal LDA, which provides ICT with a new nearshoring location. Strypes was founded in 2011 and used to be part of the same group as the current ICT nearshoring activities in Bulgaria. The company employs approximately 40 FTE and reported revenue of € 5.9 million in 2020.

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	4,770
Total consideration transferred	4,770

Acquisition-related costs

The Company incurred acquisition-related costs including legal fees and due diligence costs. These costs were included in 2021 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.

	Carrying amount	Fair value adjustments	Recognised values
Intangible assets: Order Backlog	-	302	302
Intangible assets: Customer relations	-	1,662	1,662
Tangible fixed assets	143	-	143
Right of use assets	597	-	597
Intangible fixed assets	157	-	157
Cash and cash equivalents	(43)	-	(43)
Other current assets	1,791	-	1,791
Current liabilities (excluding lease liabilities)	(1,948)	-	(1,948)
Lease liabilities	(597)	-	(597)
Deferred tax liabilities	-	(491)	(472)
Total identifiable net assets acquired	100	1,473	1,593

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 € 1,490 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:

	<u>x € 1,000</u>
Consideration transferred	4,770
Fair value of identifiable net assets	<u>1,593</u>
Goodwill	<u>3,177</u>

The goodwill is mainly attributable to the motivated and experienced management team of Profit, the quality workforce that fits directly within the ICT team and potential for growth in 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 (preliminary) Purchase Price Allocation exercise. The valuations are as following:

- Customer relations have been valued for € 1,662 thousand to be amortised over a period of 7 years as from acquisition date.
- Order backlog has been valued at € 302 thousand to be amortised over a period of 1 year.

As a result, the total amortisation amounts to € 122 thousand in the first half of 2021 (€ 59 thousand on customer relations and € 63 thousand on order backlog). The amortisation in the second half of 2021 will amount to € 245 thousand. 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 € 92 thousand in the first half-year.

Note 4) Result from the sale of associates

The result from the sale of associates can be specified as follows:

(x € 1,000)	First half-year 2021	First half-year 2020
Result from the sale of associates *)	8,206	-

*) Result from the sale of associates GreenFlux

All shareholders in GreenFlux Assets B.V. and Novofleet Verwaltungsgesellschaft mbH, a subsidiary of European Mobility Provider DKV signed a sale and purchase agreement with respect to all shares in GreenFlux. The cash transaction resulted in a one-off net profit of approximately € 8.2 million.

Additional financial information

(UNAUDITED)

(in millions in €)	First half-year 2021	First half-year 2020
Revenue	89.7	81.4
Added value (Revenue minus cost of materials and subcontractors)	76.8	67.6
EBITDA	10.6	8.9
Amortisation / depreciation	7.8	6.1
Operating profit	1.6	2.8
Net profit	9.6	2.1
Earnings per share	0.98	0.20
Ratios		
EBITDA / revenue	11.9%	10.9%
Net profit / revenue	10.6%	2.6%
Net profit / average shareholders' equity	15.2%	3.5%
Solvency (Shareholders' equity / total assets) 1)	42.2%	45.5%
Personnel		
Headcount as at 30 June	1,659	1,503
FTE as at 30 June	1,590	1,435
Average number of FTEs for the half year	1,517	1,444
Outstanding shares		
Outstanding ordinary shares at period end	9,697,106	9,565,010
Average outstanding ordinary shares during the period	9,697,106	9,565,010

1) At 30 June 2021 and at 31 December 2020.

Related-parties

For an overview of the related parties, we refer to section 30 of the 2020 Annual Report. During the first half-year of 2021 the transactions between entities of the ICT Group on a 100% basis with LogicNets Inc, GreenFlux Assets B.V. and SpringRivet Holding B.V. can be specified as follows:

x € 1,000	H1-2021	H1-2020
Sales to associates	506	158
Purchases from associates	-	-
Receivables from associates	63	-
Loans (net) to associates*	150	534
Payables to associates	8	75

* The loans (net) to related parties in H1-2021 represent a loan to SpringRivet.(In H1-2020 the loans (net) to related parties represent a loan to GreenFlux).

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

Taxes

In the condensed interim financial statements of first half-year 2021 and first half-year 2020, taxes are shown in the statement of comprehensive income on the basis of the applicable rates for corporate income taxes in the Netherlands, Bulgaria, France, Belgium, Germany and Sweden.

Outstanding shares

At 30 June 2021 the number of outstanding shares amounted to 9,697,106 (31 December 2020: 9,697,106).

Dividend

In the first half-year 2021 ICT paid a cash dividend of € 3,879 thousand. In the first half-year 2020 no dividend was declared.

Obligations not shown in the balance sheet

Obligations not shown in the balance sheet that are included in the 2020 financial statements were essentially unchanged in the first half of 2021.

Subsequent events

With regard to the recommended all-cash public offer the following subsequent events have occurred:

- On 26 July 2021 the Consortium led by NPM declared the offer unconditional.
- Upon settlement, 30 July 2021, the changes to the composition of the Supervisory Board of ICT Group, as approved by the EGM on 9 July 2021, became effective.
- In total, including the shares tendered during the port-acceptance period, the Consortium holds 98.3% of the share capital of ICT Group.
- The last day of trading of the ICT Group shares will be on 3 September 2021.

Statement from the Board of Executive Directors

The Executive Board of ICT Group N.V. declares, in accordance with the requirements outlined in article 5:25d of the Financial Supervision act, that to the best of its knowledge the condensed consolidated interim financial statements provide a true and fair view of the assets, liabilities and the financial position as of 30 June 2021 and of the results of our consolidated activities in the first half of 2021 and of the companies included in the consolidation, and that the condensed consolidated interim financial statements provide a true and fair view of the financial position as of 30 June 2021, of the developments in the course of the first half of 2021 within the Company and the companies included in the consolidation.

Rotterdam, 17 August 2021

Executive Board of ICT Group N.V.