ICT GROUP

# ANNUAL REPORT 2020

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## Company profile

# 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. Digital transformation offers huge potential to make the world smarter while contributing to a more sustainable future. ICT Group is committed to playing its part in making the world a little smarter every day.

As a leading European industrial technology solutions provider with a staff of 1,500 dedicated technical professionals, ICT Group offers its clients project-based and managed services as well as consultancy, training, software development and recruitment & staffing services.

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

ICT Group has 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 approach enables us to further enhance our technological expertise and innovative capabilities in our focus areas: Industries, Public & Infra and Industry-specific software solutions.

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 and Sweden.

# Highlights 2020

| REVENUE | NET PROFIT | EBITDA | EBITDA MARGIN |
|---|---|---|---|
| 160.0 million | 4.2 million | 19.2 million | 12.0% |
| ↑ 3% 2019 | ↑ 59% 2019 | ↑ 16% 2019 | ↑ 140 bps 2019 |

| EARNINGS PER SHARE | DIVIDEND PER SHARE | FTEs 31 DECEMBER | REVENUE PER FTE |
|---|---|---|---|
| € 0.43 | € 0.40 | 1,438 | € 111,435 |
| ↑ 59% 2019 | ↑ - 2019 | ↑ 2% 2019 | ↓ 4% 2019 |

# Financial Highlights 2020

| (in millions in €) | 2020 | 2019 |
|---|---|---|
| **Revenue** | **160.0** | **155.5** |
| Added value (Revenue minus cost of materials and subcontractors) | 134.6 | 128.9 |
| EBITDA [1] | 19.2 | 16.5 |
| Amortisation / depreciation | 12.5 | 11.6 |
| Operating profit | 6.7 | 4.9 |
| Result before taxes | 6.1 | 3.7 |
| Income tax expense | (1.7) | (1.0) |
| Net profit [2] | 4.4 | 2.7 |
| Non-controlling interests | (0.2) | (0.1) |
| Net profit attributable to the shareholders of ICT Group N.V. [3] | 4.2 | 2.6 |
| Net cash flow from operating activities | 19.7 | 14.4 |
| **Personnel** | | |
| Headcount as at 31 December | 1,492 | 1,468 |
| FTE as at 31 December | 1,438 | 1,413 |
| Average number of FTEs | 1,436 | 1,346 |
| **Consolidated balance sheet information** | | |
| Shareholders' equity | 59.7 | 54.5 |
| Total equity and liabilities | 131.0 | 124.4 |

| (in millions in €) | 2020 | 2019 |
|---|---|---|
| **Ratios** | | |
| EBITDA / revenue | 12.0% | 10.6% |
| Net profit [2] / revenue | 2.6% | 1.7% |
| Net profit [2] / average shareholders' equity | 7.4% | 4.8% |
| Solvency (Shareholders' equity / total assets) | 45.5% | 43.8% |
| **Information per share of a nominal value of 0.10 (in €)** | | |
| Net profit [3] | 0.43 | 0.27 |
| Shareholders' equity [4] | 6.21 | 5.70 |
| Dividend [4] [5] | 0.40 | 0.00 |

[1] EBITDA means Earnings Before Interest, Tax, Depreciation and Amortisation.
[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.
[3] Based on the average number of issued shares.
[4] Based on number of issued shares at year end.
[5] Dividend will be in cash.

# Message from the CEO


## Staying connected

The onset of Covid-19 turned 2020 into a truly remarkable year. We have had to navigate in an unstable environment, from challenging conditions in the second quarter to clearer skies with a ray of sunshine in the second half of the year – and everything in between. The one constant factor was the limited visibility and high degree of uncertainty we faced. So I am proud of the result we were able to achieve together under these circumstances in 2020.

# Message from the CEO
## Continued

It goes without saying that the Covid-19 pandemic and measures taken to contain the virus had a huge impact on day-to-day life and the economy. From mid-March the Netherlands and many other parts of the world went into lockdown, with no certainty whatsoever about the effect this would have on our markets and clients. We responded by immediately taking various cost-saving measures. In addition, we liaised with our banks to ensure we had sufficient back-up if needed and decided it would be prudent to refrain from distributing a dividend. Our staff in the Netherlands found themselves working from home virtually overnight. The fact that 95% of our staff was serving our clients from home within 24 hours is a testament to the resilience of our organisation.

Following a strong first quarter we saw organic growth come to a standstill in the second quarter due to the impact of Covid-19. Major uncertainty resulted in projects and investment programmes being scaled back or discontinued around the world. Various sectors, particularly those driven by innovations such as the high-tech sector, barely slowed down or quickly picked up where they left off. Thanks to the spread of our activities and our strategic position in our clients' innovation processes we were able to navigate through this crisis. Our productivity levels started rising again from the start of summer and have been back at the desired level since the third quarter.

The Covid-19 pandemic has mainly had an impact on our short-term secondment activities while our long-term projects proceeded well and our nearshoring activities were even able to benefit from growth opportunities. Nearshoring has become a logical go-to proposition now that projects have to be executed off-site. At the same time better cooperation between the different entities within the group increased the use of our nearshoring capacity. Our nearshoring platform in Bulgaria is well-equipped to absorb this increased demand, as can be seen in the excellent organic growth.

The Covid-19 pandemic forced us to take quick, decisive action and make clear choices. This resulted in a number of measures that will have a positive structural impact. We have accelerated our efforts to simplify the organisation, a process that we embarked on prior to 2020. Helped by the cost savings we introduced in March, we have been able to improve the margin.

ICT continued to invest both in the organisation and its people in 2020. The further development of our industry-specific software propositions was a key spearhead this past year, one that we focused a great deal of our R&D resources on.

We have continued to invest heavily in training and development. Thanks in part to our ICT Academy we were able to continue to provide our training programmes effectively. Programmes which turned out to be in great demand – particularly in these times – and which were used to the maximum.

After the inflow and outflow of staff virtually came to a halt in the second quarter of the year, we started hiring professionals again in June. Talent is scarce in our market but our recruitment activities quickly resumed thanks to our strong reputation in the job market.

Looking back we can conclude that the overall impact of Covid-19 on our business was limited in 2020. A large degree of uncertainty still remains though. Not only did a second wave of the virus emerge after the summer but it remains difficult to predict what the long-term effects will be, how long they will linger and how pronounced they will be. Furthermore, the lockdown in the second quarter of 2020 caused a hiccup in the development of the sales funnel, even though we successfully brought our marketing and sales activities online as quickly as possible.

I am nevertheless optimistic about the future. The digitisation of our markets is continuing unabated and we will be able to take full advantage of this. What's more, the pandemic has proved that the spread in our services portfolio combined with the diversity of the sectors we serve, enable us to withstand challenging, uncertain conditions. Nevertheless, after the pandemic the world will change even quicker than it did before. Our clients' digital transformation will continue going forward, with some activities still taking place from home. The effects this has, for example on manufacturing and distribution processes, mobility and infrastructure, will be challenging. We are ready to take on this challenge and in 2021 will focus on further expanding our nearshoring activities and building sustainable industry-specific software that addresses these issues.

If there is one thing that the past year has shown us, it is that our passion for technology connects us. To our customers, who remained loyal to us and trusted that we would do the same good work remotely with the same focus, drive and quality. And mainly to our people. We are all too aware that the past months have placed serious demands on their mental resilience. I am extremely grateful for their unrelenting efforts and commitment despite all the challenges these exceptional circumstances pose. I am proud of all the initiatives that were taken to support one another and develop personally, professionally and emotionally. This characterises our culture and makes ICT a great company. It is thanks to our highly dedicated people that we have been able to end this exceptional year with a good result.

*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 2020, the number of issued ordinary ICT Group N.V. shares amounted to 9,697,106 (2019: 9,565,010).

## 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 Dutch 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 2020.

| The share in 2020 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Highest share price | 12.75 | 14.95 | 17.05 | 14.30 | 10.86 |
| Lowest share price | 5.32 | 10.00 | 10.00 | 9.92 | 7.50 |
| Share price as at 31 December | 10.70 | 11.40 | 10.45 | 13.48 | 10.25 |
| Dividend as % of the share price as at 31 December *) | 3.74 | - | 3.64 | 2.60 | 3.22 |
| Price / earnings ratio (end financial year) | 25.00 | 42.22 | 10.56 | 24.07 | 18.30 |
| Market capitalization as at 31 December (x € 1 million) | 103.8 | 109.0 | 98.9 | 126.9 | 95.2 |

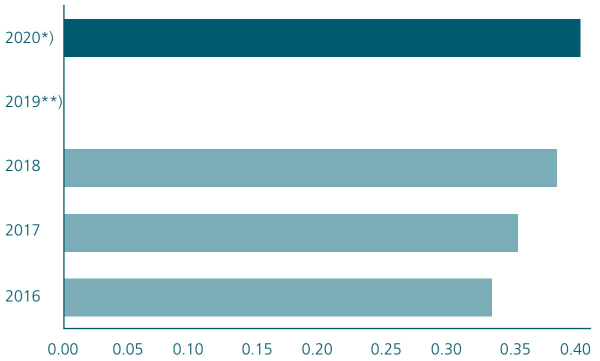
| Shareholders | Participation in % | Date of last report |
|---|---|---|
| Teslin Participaties Coöperatief U.A. | 15.05 | 24-7-2018 |
| Invesco Limited | 10.34 | 18-5-2020 |
| FMR LLC | 9.63 | 1-1-2016 |
| Vinke Amsterdam B.V. | 6.21 | 28-5-2020 |
| J.H. Langendoen | 5.49 | 24-5-2013 |
| Mavawe B.V. | 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 |

*) 2020: 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




2020 *) proposed dividend
2019 **) due to Covid-19 it was decided to propose to retain all earnings

## 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. CT 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.ictgroup.eu 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 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 2021 |

## Financial calendar 2022

| | |
|---|---|
| 4 March 2022 | Publication annual results 2021 |
| 26 April 2022 | Trading update first quarter 2022 |
| 11 May 2022 | General Meeting |
| 19 August 2022 | Publication of first half year results 2022 and analyst meeting |
| 2 November 2022 | Trading update third quarter 2022 |

OUR EMPLOYEES

# Virtual teambuilding in Bulgaria

Strypes Bulgaria builds smart solutions that create business impact and helps its clients to define the work that needs to be done. With their unique outsourcing model, they become an extended part of the customer's team. Strypes now employs about 300 people.

The situation at Strypes in Bulgaria in the spring of 2020 was similar to that of the Dutch ICT Group branches: everyone worked from home. When the Covid-19 restrictions were eased somewhat over the summer, a number of employees were able to come to the office more often. In autumn restrictions were tightened again. Nadya Emanuilova has been working at Strypes for several years, she started as a management assistent and now has the position of feature integrator. She can work on projects remotely just fine, but misses the personal contact with her colleagues. How does she stay connected?

Nadya: “I have a degree in linguistics and wanted to improve my technical skills. At Strypes I was able to do a two-year training as a feature integrator. In this position you combine the roles of technical writer and tester. The project team I work with at the moment has 20 members. All colleagues I speak to online every day. However, there are quite a few colleagues in other teams who are my friends, but unfortunately, I talk to them less frequent. I miss the sociability of being in the office.”

### Online Tools

The lack of face-to-face contact at work is sometimes difficult, but fairly manageable overall. “We were already familiar with just about all the online collaboration tools going: videoconferencing, screen-sharing, sharing and working on documents online and communicating via social channels. However, there are times when you miss the in-person interaction, for instance during brainstorming sessions. Online you only see part of the other person’s body language, or sometimes not at all. This makes the communication very functional, because the emotional component isn’t there. For example, if you’re very excited about the fact that you've solved something difficult, you don’t really have the opportunity to share that feeling with others.”

### Virtual teambuilding

In order to stay in touch with each other, Strypes has organised various online teambuilding events, including virtual drinks. In this way, Strypes employees remain connected. This is also important in the contact with customers or potential new employees. Strypes therefore organised webinars and hackathons. This allows Strypes to share knowledge and experience and stay connected with its stakeholders.

Although it is nice to be in contact with each other remotely, Nadya is very much looking forward to the day when everyone can come back to the office and she can see all her colleagues again. “I think we’ll look each other up right away on that first day and also take the time to catch up with colleagues from other teams we haven’t seen for so long," she laughs. “This period has made us all even more aware of the importance of face-to-face contact with colleagues.”

*Nadya Emanuilova,*
*feature integrator Strypes*

“I am in a project team with 20 members, all colleagues I speak to **online** every day.”

Strategy and value creation

# 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 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 in the following areas:

**Industries**

ICT provides embedded solutions for a range of industries, including automotive, manufacturing, high-tech, food, chemical & pharma, oil & gas and logistics. 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.

**Public & Infra**

ICT is an important contributor to the development of smarter urban living, comprising infrastructure, traffic and transport. Improving the quality and performance of these 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 interacting in real time.

ICT plays a role in the design, operation and maintenance of capital-intensive assets.
We help our customers to manage these assets in a sustainable way.

**Industry specific (proprietary) software solutions**
ICT provides in-house developed industry specific software solutions, across every sector it serves, building upon its long lasting industry experience and deep understanding of the specific industry requirements. These proprietary solutions enable our customers to benefit from the advantages of digital transformation, geared at streamlining and integrating critical processes and powering business growth. With these software solutions, ICT is anticipating multiple trends. This includes the emergence of low coding in industrial applications with MOTAR (from model to target), the growing need for integrated mobility services with TURNN (developing a MaaS proposition, Mobility as a Service), integrating data and systems in Healthcare and offering plug-and-play cloud platform that connects people, devices and data with OrangeNXT.

## 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.

**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 in every product, process or application. To deliver on this, ICT needs to thoroughly understand its customers and cooperate 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 corporations and lean start-ups embracing leading-edge technologies. Strong collaborations 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 mid-term objectives:

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

# Strategic execution in 2020 and focus in 2021

## Progress in 2020

### Buy and Build

ICT acquired Esprit Management & IT Services (Esprit) in July 2020. Esprit is active in the field of technical software development and recruitment services in the technical automation domain. It has a strong and consistent track record within the industrial automation sector and in embedded software development in the Netherlands, providing both synergies and complementary services to ICT. Esprit will be merged with Additude Netherlands.

### Platforms for organic growth

The acquisitions of Kodar and Up2 Technology at the end of 2019 were geared towards expanding ICT's access to technical talent in Bulgaria with a view to growing its nearshoring activities. Both companies were successfully integrated into ICT's nearshoring activities in Bulgaria. The integration process was accelerated by strong growth in the operations in Bulgaria, fuelled by the increased outsourcing of projects.

In November 2019 ICT acquired Proficium, a Dutch niche player in life cycle management of technical and IT installations of vital infrastructure elements. Proficium and NedMobiel have been merged and operate under the name Innocy. This new entity's pay-off is 'life cycle masters', combining the strengths of both technical service providers as well as adding new services.

### Leveraging nearshoring platform

Growth in nearshoring demand was accelerated by the Covid-19 pandemic. As working remotely became the norm, attracting new business to our nearshoring platform was just a small step away. This increase in demand could be met thanks to our expanded nearshoring capacity through Kodar and Up2 Technology.

### Strong growth in software solutions

ICT's offering of proprietary industry-specific software solutions again showed strong growth this past year. Numerous new customers and new and improved solutions contributed to this growth. As of 1 January 2021 ICT combines its software solutions in the Industry-specific software segment to be able to increase management's focus and attention on this.

## Focus in 2021

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

### Expansion of geographical position

Geographical expansion is an important driver in ICT's growth strategy. Expansion will increase ICT's critical mass in markets and sub-markets, thus improving its positioning towards target clients.

The primary focus for geographical expansion is on areas where ICT is already active, including Sweden and Germany. We expect the strong growth in demand for nearshoring to continue in 2021 and will therefore also further expand and strengthen our capacity in Bulgaria, in the current locations (Sofia and Plovdiv) as well as by adding new locations.

### Added value

In 2021 ICT will continue to focus on increasing the added value of its product and service offering within the select industry segments it operates in. In doing so ICT will further improve its position in the value chain.

### Industry-specific software

Another focus area for 2021 is further growing our industry-specific software business. Our proprietary software solutions, including OrangeNXT, TURNN, MOTAR and our healthcare software solutions are, as of 1 January 2021, combined in one segment to increase focus and attention on this. ICT will also pursue add-on acquisitions to further strengthen its portfolio in this field.

### Longer term objectives

Although uncertainties remain with respect to the Covid-19 pandemic we continue to be fully committed – and well on track – to achieving our mid-term objectives.

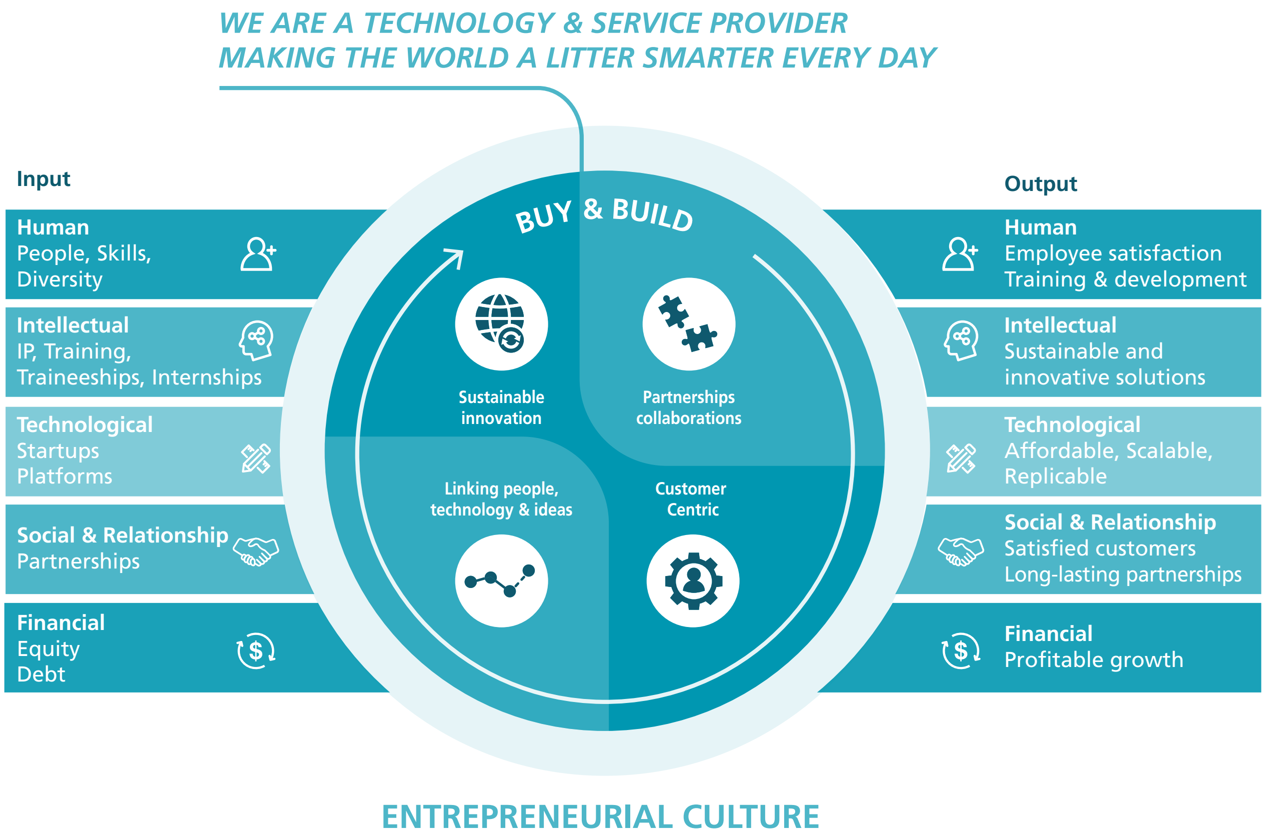
# Value creation model

**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 being part of all kinds of groups. Our stakeholders are those groups of people who have an impact on the activities of ICT and its group companies, or who are impacted by ICT. We make a distinction between those who are directly in our sphere of influence, including our employees, customers, business partners and investors, and those who are not, such as government bodies, industry associations and social partners.

We are in regular dialogue with our stakeholders. Stakeholder engagement has always been part of the way ICT does business, as successful partnerships are vital to the execution of the company's strategy. The aim of these discussions is to re-evaluate the main expectations of our stakeholders as well as their assessment of the material topics, the relevance and weight.

The table on the next page gives an overview of our stakeholders and their expectations, the intended outcome of dialogue and how we engage with them. The Executive Board is actively involved in stakeholder dialogue and regularly discusses key aspects of our strategy and mutual expectations.

**Our stakeholder dialogue in 2020**

In 2020 we have continued our stakeholder dialogues and organised discussions with representatives of several of our most important stakeholder groups, including our employees, shareholders and customers, although Covid-19 limited our dialogue instruments to some extent.

We have a regular ongoing cycle of engaging and gauging feedback, including the annual employee and customer satisfaction surveys and our ongoing Investor Relations program, supplemented with one-on-one meetings and face to face dialogues. Some of our regular stakeholder meetings took place in a virtual environment or took place less frequently. We managed to host our regular analyst and investor meetings during the presentation of the annual and half-year results and had several one-on-one meetings with shareholders, obviously all in a compliant fashion with all Covid-19 measures. Due to the Covid-19 limitations we did not participate in road shows and investor conferences.

In 2020 discussions were held with employees from across the organisation, from professionals to (indirect) staff. Our regular town hall meetings were converted into virtual meetings most of the year. Most of the internal initiatives which involves employee engagement, along with driving business opportunities, like 'Dragon's Den' continued in a hybrid form of both physical and online meetings. The scope of the employee satisfaction survey included also our Swedish activities for the first time in 2020.

Discussions were also held with a number of customers, as well as business partners. Webinars to inspire and share knowledge were organised frequently.

Following the input from these stakeholder dialogues we re-evaluated our stakeholder matrix as well as our materiality matrix. There were no changes to the material topics but we did make adjustments to their position in the materiality matrix. Also in light of the Covid-19 pandemic, a number of topics became even more relevant under these unprecedented circumstances, most notably the well-being of employees and information security.

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

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.

### Changes in 2020

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

### Information security

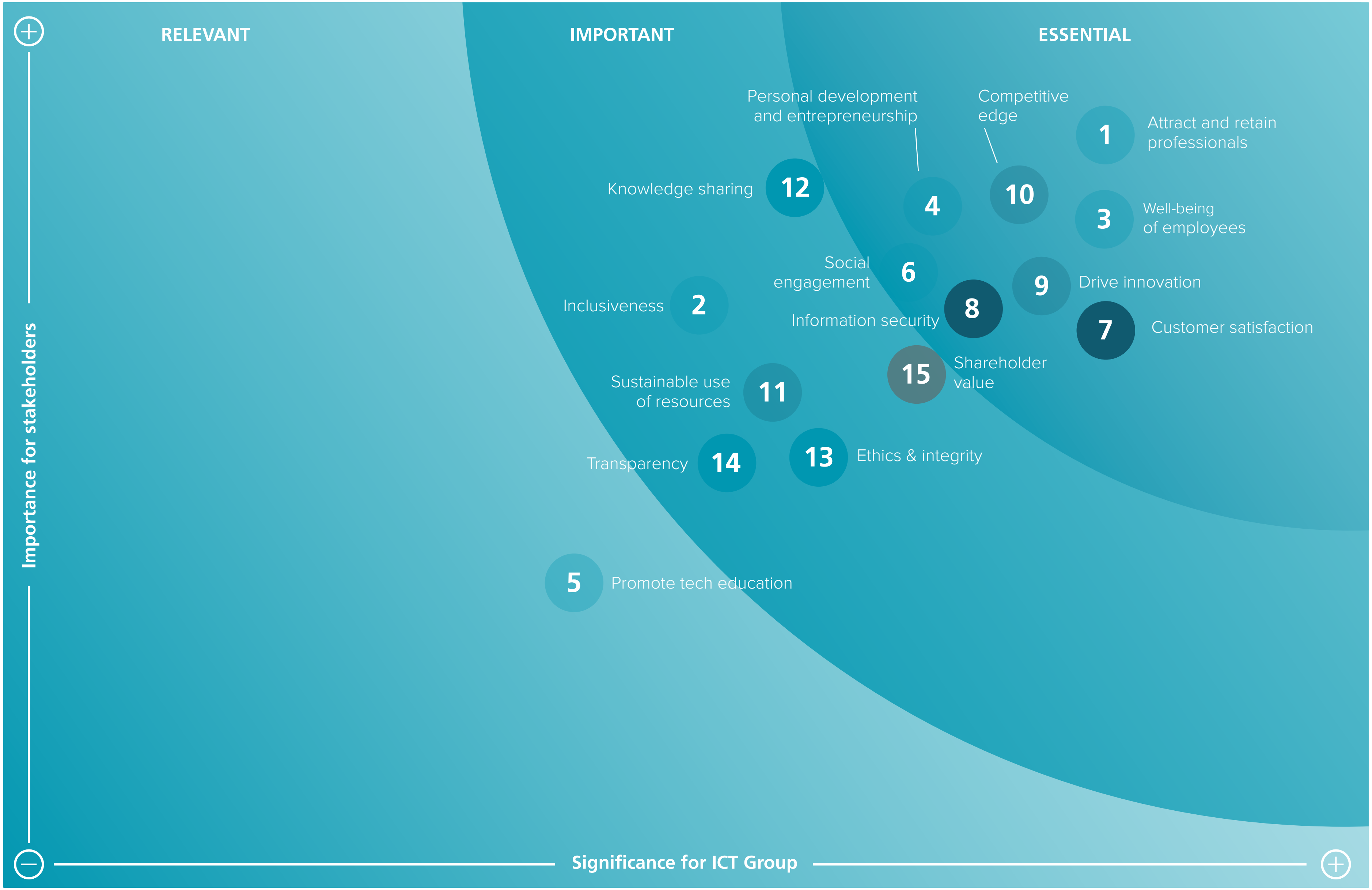
Due to the Covid-19 pandemic, all ICT employees had to work remotely the larger part of the year. This lifted the importance of an IT infrastructure that can handle large numbers of remote workers and having clear security guidelines for remote work in place.

### Well-being of employees

In the Covid-19 pandemic, ICT has put the well-being and safety of its employees and customers first at all times. This means that ICT aims to optimally facilitate working from home and provided flexibility to enable employees to deal with the situation in a way that suits their situation best, while being alert on indicators that signal stress.

The other material topics remained more or less equally important, but some were more challenging to manage during the Covid-19 pandemic, like driving innovation and sharing knowledge. ICT's IT infrastructure and entrepreneurial culture proved to be instrumental.

**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<br>1 2 3 4 5 6 | Shortage of qualified staff<br>Incremental costs to attract highly talented people<br>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<br>7 8 | Inadequate project control<br>Dependence on large clients<br>Unauthorized access to ICT systems<br>Unauthorized access to customers' systems<br>Data breach |
| **Create affordable, scalable and replicable solutions** | Sustainable innovation<br>9 10 11 | Speed of technological developments<br>New business models<br>New business developments / start-ups |
| **Strong long-lasting partnerships** | Partnership & collaboration<br>12 13 14 | Multidimensional relationships<br>New business models<br>New business developments / start-ups<br>Fraud and corruption<br>Failure to comply with legislation |
| **Profitable growth** | Transcending strategy<br>15 | Sensitivity to economic cycles<br>Dependence on large clients<br>Inadequate project control<br>Unsuccessful integration of acquisitions |

| Material topics | KPIs | Strategic target | Results 2020 | Results 2019 | Page |
|---|---|---|---|---|---|
| 1 **Attract and retain highly skilled and dedicated professionals** | a. Retention rate in % | 85% and above the sector-wide average | 85% | 84% | 40 |
| 2 **Inclusiveness: offering opportunities for all talents** | a. % Female FTE vs. total FTE | Continuous improvement of gender diversity | 18.5% | 14.1% | 42 |
| 3 **Sustain and nurture well-being of employees** | a. Employee satisfaction | At least 7.0 | 7.4 | 7.3 | 40 |
| | b. Absenteeism in % | Below the sector-wide average | 2.1% | 2.4% | 40 |
| | c. Health & Safety incidents reported | 0 incidents | 0 | 0 | 40 |
| 4 **Provide opportunities for employees for personal development, training & education and entrepreneurial career paths** | # Hours spent on training | | 24,488 | 28,324 | 42 |
| | # Hours education on average per FTE | At least 25 hours training per FTE | 17 | 22 | 42 |
| 5 **Promote technology driven professions for students & young professionals** | # Internships and assignments offered to students | | 70 | 54 | 43 |
| 6 **Contribution social engagement, contribution employees to engage in meaningful initiatives** | # Amounts in € | | 31,180 | 27,250 | 47 |
| 7 **Optimize customer satisfaction** | Customer satisfaction | At least 7.0 | 7.7 | 7.7 | 38 |
| 8 **Safeguard information security and data privacy in provided solutions** | # Certifications obtained | | 14 | 14 | 52 |
| 9 **Develop innovative solutions for customers, driving digitisation** | % R&D innovation spent as % of added value revenues | Around 1.5% | 2.3% | 2.0% | 44 |
| 10 **Maintain competitive edge** | % R&D innovation spent as % of added value revenues | Around 1.5% | 2.3% | 2.0% | 44 |
| 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 | 56% | 16% | 46 |
| 12 **Stimulate knowledge sharing between professionals, business units and ICT's stakeholders** | a. # Partnerships/collaborations with universities and colleges | - | 12 | 13 | 43 |
| | b. ICT involvement in events for customers | | 50 | 66 | 42 |
| 13 **Maintain high standards of ethics & business integrity** | # Incidents reported with regard to ethics / business principles | 0 incidents | 0 | 0 | 36 |
| 14 **Conduct business in a transparent manner** | # Compliance violations | 0 incidents | 0 | 0 | 36 |
| 15 **Create shareholder value** | a. Dividend pay-out in € per share | | 0.40 | 0.00 | 30 |
| | b. EBITDA / revenue in % | Between 13% and 15% | 12.0% | 10.6% | 28 |
| | c. Revenue growth in % | | 2.9% | 19.7% | 28 |

# 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.
Member of the Supervisory Board of VORM Holding B.V.

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

# Report of the **Executive Board**

2020 was an exceptional year largely gripped by worldwide uncertainty caused by the Covid-19 pandemic. The ICT organisation proved to be strong and flexible, our customers loyal and our business model resilient to weather these unprecedented circumstances.

*Mr. J.H. Blejie (CEO) and Mr. W.J. Wienbelt (CFO)*

# Operational review

After a strong start in the first quarter with improving productivity levels, the impact of Covid-19 started to kick in in April. This particularly impacted our secondment services. The effect on our project business was limited and the recurring business from our software solutions continued to perform strongly. From June onwards we saw productivity levels gradually pick up towards pre-Covid levels. Secondment services improved, the favourable performance of our project business continued and our nearshoring activities saw strong growth. We did experience some pressure on our sales funnel at the start of the lockdown measures as doing all business online took some time to adapt to. But this had become second nature by the end of the year. With 95% of our staff working from home for the greater part of the year, we proved to be well-equipped to continue to deliver consistently.

### Adaptive organisation

Our customers count on us to support them on often complex projects, providing them with innovative solutions in both the best and most challenging times. The motivation of our employees was crucial to this as most were working from their individual home offices, continuing as one team to provide our customers with an unchanged level of service. Further improving efficiency continues to be an area of focus. While we already introduced one way of working to reduce complexity within our organisation prior to 2020, we were able to accelerate our efforts in the past year.

### Stay connected

This past year staying connected with colleagues, customers and business partners was paramount. We further increased and improved our efforts online, through one-on-ones and webinars, online get-togethers and knowledge-sharing events. The challenges and opportunities within Industry were discussed during several Smart Industry webinars and we hosted the first digital edition of the Rail Day. During this two-day online event we applied best practices of other sectors within ICT, such as R&D engineering, water and energy, to the rail industry. In 2020 InTraffic again sponsored the Hackatrain event. In 2019 this was a three-day Hackathon on a train to Berlin, this year the event was held remotely.

### Buy and build

In July ICT acquired Esprit Management & IT Services. Esprit has a strong and consistent track record in technical software development and recruitment services within the technical automation domain in the Netherlands and employs over 20 professionals. After an initial integration period Esprit will be merged with Additude Netherlands. Their combined offering will broaden ICT's services to its clients and open up an additional part of the labour market for ICT.

In December 2020 ICT announced the acquisition of Yellowstar, a Dutch web-based solutions provider offering real-time insight, access and control in supply chains. With its international focus and activities in the same geographical markets as ICT, the company strengthens ICT's position in the industrial, trade, retail and logistics markets. Yellowstar will continue to operate as an independent entity with its own market identity and software solutions for specific customer groups. The company employs approximately 80 people. The acquisition was completed in the beginning of January 2021.

In October ICT launched INNOCY, a merger of ICT companies NedMobiel and Proficium that combines the strengths of both technical service providers while adding new services such as data management and infrastructure development. As is reflected in its slogan 'life cycle masters', INNOCY covers the entire and infinite life cycle of complex infra projects, from consultancy and selecting the best infra solution at the very first stage, to the realisation, management, demolition or reuse of assets such as bridges, tunnels and locks.

### Proprietary industry-specific software solutions

On 1 January 2021 ICT bundled its offerings of proprietary industry-specific software solutions in a single cluster. Industry-specific solutions enable our customers to benefit from the advantages of digital transformation, geared at streamlining and integrating critical processes and powering business growth. The proprietary solutions originate from our long lasting industry experience and deep understanding of the specific industry requirements. These solutions have shown solid growth in the past years and greatly contribute to ICT's recurring revenue. Bundling them in this new cluster increases the company's focus on the high growth industries they operate in. With these software solutions ICT is anticipating multiple trends, including the emergence of low coding in industrial applications with MOTAR (from model to target), the growing need for integrated mobility services with TURNN (offering a Mobility as a Service solution), the integration of data and systems in Healthcare and the desire for a plug-and-play cloud platform that connects people, devices and data with OrangeNXT. Yellowstar, acquired early January 2021, has also been added to this cluster. The companies involved will continue operating independently and will stay focused on their specific markets.

### Nearshoring

While the pandemic interrupted and changed the way we do business in many areas, our nearshoring activities were able to benefit from more projects being executed off-site as we positioned our nearshoring activities in Bulgaria as an easy-access, go-to solution. Moreover, better cooperation between the different entities within the group increased the use of our nearshoring capabilities. This past year the expansion of capacity in Bulgaria through the acquisition of Kodar and Up2 Technology in 2019 enabled ICT to support an increase in the number of outsourced projects. Kodar and Up2 Technology were successfully integrated in 2020.

### Sense4Baby

The pandemic had an enormous impact on the healthcare industry and boosted demand for eHealth solutions. To support home-monitored obstetric care, ICT decided to make one of its solutions, Sense4Baby, available free of charge during the corona pandemic. Sense4Baby is a portable, wireless system developed by ICT Healthcare Technology Solutions to monitor women with at-risk pregnancies.

### Future-proof HQ

In 2020 ICT Group moved its headquarters to the centre of Rotterdam where it is based on the 19th floor of the FIRST office building. The building was awarded the BREEAM-NL 'excellent' certificate by the Dutch green building council based on various sustainable characteristics such as its green roof, central location with easy access to public transport and – first and foremost – because of its use of sustainable installation techniques. Our former headquarters in Barendrecht will be used for project-related business.

# Market prospects

ICT Group is focused on attractive industries in which growth is driven by various digital trends. Industry 4.0 calls for complex integrated technology solutions that bring together big data, cloud computing, cybersecurity, robotics, IoT, augmented reality and the use of low-code platforms. The same underlying trends are also the main driver of growth in the logistics industry, where supply chains are becoming increasingly connected and intelligent and warehouse automation improves operational efficiency.

The automotive industry is sensitive to many new trends that are changing the way people think and experience mobility. These trends include self-driving vehicles, electric and connected vehicles and car sharing. Digital solutions play a key role in the main automotive trends. The utilities industry is an asset-heavy industry where technologies such as IT, intelligent automation and AI can have a significant impact. Conventional assets are increasingly connected to the internet, which allows for predictive maintenance in order to prevent malfunctioning and increase the lifetime of assets. The railway industry is also embracing digital transformation and is expected to continue investing in IT driven by the need to standardise. An example is the European Rail Traffic Management System (ERTMS), which aims to ensure a higher capacity on the track, reduce malfunctions and improve safety.

Vertical-specific software solutions are becoming increasingly available across ICT Group's target industries, while the adoption rates of the applications are also on the rise. Vertical-specific software provides digital solutions for industry-specific challenges, solutions which often present a strong positive business case for users.

Digital transformation, a shortage of personnel and the increasing need for outsourcing are driving market growth, despite current temporary setbacks due to Covid-19. Investments in digital transformation continue to grow as organisations aim to improve operations, reduce costs and develop innovative products and services.

Industry 4.0 causes convergence between the administrative and operational sides, meaning that IT meets OT. As they make use of the same data, processes are increasingly aligned and systems are becoming more interconnected. Companies worldwide are looking for specialised services at the interface of IT and OT. As a leading European technological solutions provider, we offer an integrated view on IT/OT convergence. We have in-house data scientists to develop innovative new models which can improve business processes through the use of data and alignment of systems and processes. In addition we can support our clients throughout the complete lifecycle and have in-depth knowledge of security, which is of the utmost importance when linking assets to the cloud. Furthermore we offer round-the-clock monitoring and management of critical assets.

# Notes to the results

## Key figures

| (in millions of €) | FY 2020 | FY 2019 |
|---|---|---|
| **Revenue** | **160.0** | **155.5** |
| Added Value | 134.6 | 128.9 |
| **EBITDA** | **19.2** | **16.5** |
| Amortisation / depreciation | 12.5 | 11.6 |
| **Operating profit** | **6.7** | **4.9** |
| Financial income and expenses | (0.8) | (1.0) |
| One-off accounting gains [1] | - | 0.7 |
| Result from associates | 0.2 | (0.9) |
| Corporate income tax | (1.7) | (1.0) |
| **Net profit** | **4.4** | **2.7** |
| Non-controlling interests | (0.2) | (0.1) |
| **Net profit attributable to ICT shareholders** | **4.2** | **2.6** |
| Earnings per share [2] | 0.43 | 0.27 |
| Proposed dividend per share | 0.40 | - |

[1] 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.
[2] Based on the average number of issued shares.

### Performance of ICT Group

In 2020 ICT Group's revenue came in at € 160.0 million, a 3% increase compared to € 155.5 million reported in 2019. Revenue added value increased 4% compared to 2019. Organically, excluding acquisitions and divestments, revenue was flat.

Personnel costs increased to € 95.7 million (2019: € 91.5 million), in line with the increase in FTE's and salary increases.

Other operating expenses decreased from € 20.9 million in 2019 to € 19.7 million in full year 2020. In light of the Covid-19 crisis ICT took necessary measures to cut and control costs, combined with a strong focus on cash management. These measures started to have an effect as of June. The costs related to strategic initiatives in FY 2020 amounted to € 1.0 million compared to € 0.7 million in 2019.

EBITDA for the full year 2020 increased 16% to € 19.2 million (2019: € 16.5 million). The EBITDA margin increased from 10.6% to 12.0%.

### Performance per segment

| Segment (in € millions) | FY 2020 | | 2019 | | Δ | |
|---|---|---|---|---|---|---|
| | Revenue | EBITDA | Revenue | EBITDA | Revenue | EBITDA |
| Engineering R&D | 41.2 | 7.8 | 40.6 | 6.7 | 1% | 16% |
| Industrial Automation | 35.5 | 5.4 | 36.7 | 5.9 | -3% | -8% |
| Infra & Mobility | 38.6 | 5.8 | 41.1 | 3.9 | -6% | 49% |
| Healthcare Techn. | 7.9 | (0.5) | 10.5 | 0.7 | -25% | na |
| Bulgaria | 18.4 | 4.3 | 12.5 | 2.7 | 47% | 59% |
| Sweden | 16.5 | 0.5 | 15.4 | 0.6 | 7% | -17% |
| Other | 14.2 | (4.1) | 12.5 | (3.9) | 14% | -5% |
| Eliminations | (12.3) | - | (13.8) | - | -11% | - |
| **Total** | **160.0** | **19.2** | **155.5** | **16.5** | **3%** | **16%** |

## Engineering R&D

In this segment, ICT is active in the R&D of the industrial sectors Automotive, High Tech and Machine Building. The impact of Covid-19 on the High Tech activities was very limited and they showed a stable development. In the second half of the year the Automotive activities showed a good performance, after a limited impact of Covid-19 in the first half of the year. The customers of the Machine & Systems unit have been significantly impacted by the crisis which was noticeable in the unit's lower productivity than usual.

## Industrial Automation

ICT's key units in this segment are Logistics & Transport, Industry and Outsourced services.
The Covid-19 crisis was noticeable in this segment as it serves customers that have been impacted by the crisis, in particular in the first wave of the crisis in the Logistics & Transport unit and in the second wave in the Industry units. Overall demand increased again as from September onwards but this was not sufficient to fully compensate the impact in the first half of the 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.
Projects in the public domain generally continued in the past year. Although revenue at InTraffic was impacted due to the lockdown measures, margins improved in 2020. ICT's Mobility as a Service activities TURNN won a number of contracts after completing a number of successful pilots in the first half of the year.

## Healthcare Technology

The performance of the Healthcare unit is affected by Covid-19. In the second half of 2020 the healthcare unit was rationalised and the consulting services were discontinued. The activities focused on the sale of the foetal care products continued and showed a positive performance, especially in the remote tooling Sense4Baby.

## Bulgaria

ICT's nearshoring entity Strypes reported substantial organic growth of 13% and a strong EBITDA margin increase. Our nearshoring activities were able to benefit from more projects being executed offsite. Moreover, better cooperation between the different entities within the group further increased the use of our nearshoring capabilities. In the past year, with the expansion of capacity in Bulgaria, ICT was able to support this increase in demand.

## Sweden

The integration of Additude, acquired in February 2019, was completed in the first half of the year.
The Swedish activities, mostly engineering consulting services, were impacted by Covid-19. Moreover, the crisis made it difficult to hire new people, which put pressure on margin recovery. Additude did see one of the largest contracts being prolonged.

## Other

The segment 'Other' includes a number of small entities as well as the holding costs of the group. Improve, mainly engaged in trainings, was strongly impacted by Covid-19 in the past year. OrangeNXT and MOTAR are performing in line with plan, turning the start-up losses into profit in 2020. The growth pace however slowed down due to Covid-19. In 2020 ICT decided to close down the Belgium secondment business. Also due to the impact of Covid-19, the activities continued to be loss-making.

## 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 2020 amounted to € 5.6 million (2019: € 5.4 million). Depreciation for 2020 amounted to € 6.9 million (2019: € 6.2 million).

The result from associates improved to a small profit of € 0.2 million in 2020 from a loss of € 0.9 million in 2019.

Financing expenses came in at € 0.9 million in 2020 (2019: € 1.1 million).

In 2020 taxes increased to € 1.7 million compared with € 1.0 million in 2019.

Reported net profit for 2020 came in at € 4.4 million (2019: € 2.7 million). The earnings per share amounted to € 0.43 (2019: € 0.27). The number of outstanding ordinary shares increased to 9,697,106 compared to 9,565,010 as per year-end 2019.

## Cash flow developments

In 2020, net operational cash flow increased considerably to € 19.7 million positive (2019: € 14.4 million positive), as a result of improved financial results and disciplined working capital management. The cash outflow on investment activities was € 4.5 million in 2020, significantly less than 2019 (outflow of € 17.6 million) as a result of lower M&A levels.

The net cash position increased and amounted to € 13.1 million positive per 31 December 2020 (31 December 2019: € 5.8 million positive). This increase was the result of the positive effect of cash preserving measures including the resolution at the AGM not to declare a dividend and the extension of the redemption schedule of the company's loans, combined with the positive development of the operational cash flow.

## Balance sheet structure

At the end of 2020, shareholders' equity stood at € 59.7 million (31 December 2019: € 54.5 million). The balance sheet total increased from € 124.4 million at year-end 2019 to € 131.0 million at 31 December 2020. Solvency (shareholders' equity/total assets) increased to 46% at year-end 2020 (44% at year-end 2019), reflecting a sound financial basis.

In 2020 ICT extended its credit facilities by four years to 2024. The acquisition credit facility was increased from € 25 million to € 35 million, both the working capital credit facility (€ 12.5 million) and the guarantee facility (€ 2.5 million) are unchanged.

## Dividend

ICT proposes a dividend in cash of € 0.40 per share for the 2020 financial year (2019: no dividend). The proposed dividend is subject to the approval of the Annual General Meeting of Shareholders (AGM) to be held on 12 May 2021. For the calculation of the proposed dividend, the net profit realised is adjusted for the non-cash amortisation amounts. This results in an adjusted net profit for the full year 2020 of € 9.7 million. The proposed dividend in cash of € 0.40 per share represents a pay-out ratio of 40% of adjusted net profit.

The dividend in cash will be payable on 3 June 2021.

## Subsequent events

On 5 March 2021 ICT and a Consortium, led by NPM, will announce that a conditional agreement was reached on a recommended all-cash public offer for all of the issued and outstanding ordinary shares in ICT Group.

# Outlook

ICT remains fully focused on executing its buy-and-build strategy; combining healthy organic growth with selective acquisition opportunities.

Although we have managed to limit the impact of Covid-19 on our 2020 results, Covid-19 will continue to have an impact on our business environment going into 2021. As a result we assume Covid-19 to have a limited impact on our revenue and EBITDA in the first half of 2021. Due to the persisting economic uncertainty we refrain from giving an outlook for the full year 2021.

Long term market perspectives remain attractive as we continue to believe in the ongoing digital transformation in all the markets we operate in. We are well underway and fully committed to deliver on our mid-term objective of increasing annual revenue to between € 200 and € 230 million, with a targeted EBITDA margin between 13% and 15%.

"The HoloLens is an extremely powerfull tool in assessing a physical object from a distance."

# Stay connected in 3D

At ICT we see ourselves as technology pioneers developing integrated system solutions that match the needs of our customers. Our specialist knowledge in a variety of industries enables us to realise innovative solutions by linking people, technologies and ideas.

All these elements come together when we are working with Microsoft's HoloLens, the Augmented and Virtual Reality glasses that allow you to look inside systems like an X-ray machine, but also allows you to virtually meet in one room with colleagues who are working from home. During the lockdown, software designer Magiel van Gaalen and junior control engineer Rick Witkam used this tool frequently in their communications.

**Virtual collaboration**

Magiel and Rick use the HoloLens to work together remotely: a great solution during the lockdown. Rick: "This morning Magiel wanted to test something in an application. He watched with me from his own home through the HoloLens. He gave me the instructions and we both saw what was happening." The HoloLens is an extremely powerfull tool in assessing a physical object from a distance. Rick: "Our unit designs solutions such as control systems for bridges and locks. You no longer need to get together on location to see if the control system is working properly; you can view it from any location using the glasses and discuss it with each other. 3D gives you the same experience as when you are physically present near the bridge that your team is working on." For the daily stand-ups with their DevOps team, Rick and Magiel use a software solution that allows you to create an avatar of yourself based on your portrait photo. That avatar is projected into a virtual space where you meet your colleagues. Naturally, the virtual space also includes a Scrum board. Magiel: "The experience is very similar to a real Scrum meeting, which is what you miss in a regular video meeting."

**Remotely servicing machines**

They notice an increased interest in HoloLens. "We now receive requests from various customers. For example, a machine builder wants to use the HoloLens to service their installed base in the field. Their machines are located all over Europe, so the service engineers also have to travel all over Europe to perform maintenance. Maintenance can be executed much more efficient if a service engineer looks into it remotely and gives instructions to the operator on location. Especially now that the service engineers are faced with all kinds of travel restrictions due to the Covid-19 pandemic, there is a huge need for this type of application," says Magiel.

> "We use the HoloLens to **work together remotely:** a great solution during the lockdown."

"The HoloLens makes you part of a 3D representation of the real world. And AR also provides you with all kinds of additional decision-making information. And all the while you're just working from home. The application scope is unlimited and that is an enormous help, especially in times of Covid-19."

*Rick Witkam and Magiel van Gaalen, HoloLens*

## Corporate Social Responsibility

# Staying connected in **a sustainable world**

In the past few years sustainability has become more prominent in our day-to-day activities. ICT is very much aware of its responsibility and the many roles it fulfils as an employer, supplier, customer and business partner. Having sustainable business operations is 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:

- Promoting sustainable employability
- Maintaining a high standard of ethics and business integrity
- Enhancing sustainable innovation
- Reducing our environmental footprint and that of the world

These spearheads are gauged with the help of quantitative KPIs and time-sensitive targets for each Corporate Social Responsibility theme.

### Purpose

As a technology services provider, ICT's purpose is at the heart of everything it does: using innovative ideas and sustainable solutions to truly make the world smarter by the day. Our focus on sustainable solutions lies within three areas:

- Industries: reducing our customer's environmental footprint and ensuring responsible consumption and production based on innovative IT solutions;
- Public & infra: creating intelligent IT solutions which increase the quality of urban living, providing economic growth and fostering innovation by creating intelligent IT solutions; and
- Software solutions: Proprietary industry specific software to make complex systems smarter, such as energy management systems, mobility solutions and healthcare applications.

### Sustainable Development Goals

In 2015 the United Nations introduced 17 Sustainable Development Goals (SDGs). These goals form a global compass and call to action to end poverty and hunger, promoting healthy living and well-being. Based on our strategy, value creation model and current initiatives we have identified how ICT can contribute to the realisation of the SDGs. ICT endorses all the SDGs and contributes directly to numbers 3, 8, 9, 11 and 12.

On the next page we have identified how our CSR strategy is linked to the UN Sustainable Development 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<br>• 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<br>• By optimising healthcare treatment programmes to improve usage rates of health equipment (e.g. x-ray machines)<br>• By delivering software that improves monitoring in high-risk pregnancies<br>• 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<br>• ICT focuses on the development of its people, enabling them to perform to the best of their abilities<br>• 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<br>• By investing in a safe and healthy working environment<br>• By promoting inclusiveness<br>• 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<br>• Through the Council of 20, a group of young professionals and disruptive thinkers who are encouraged to develop new innovative ideas<br>• Through Dragons' Den, a programme aimed at encouraging and stimulating ICT employees to come up with new innovative ideas<br>• Through the Technology Advisory Council which advises ICT on future technologies within its markets<br>• 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<br>• By developing water management control systems which monitor and control stations and dams to manage water levels<br>• By offering remote control systems which operate bridges and locks from a distance and coordinate corridor transport more efficiently<br>• By developing an innovative Mobility-as-a-Service platform which enables carefree travel planning for travellers with various types of mobility in one application<br>• By offering a smart buildings solution to create sustainable and healthy buildings.<br>• By improving the reachability and mobility around towns and airport cities by creating the ultimate home-to-work biking experience (GoinGDutch) |
| 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | • We want to reduce our environmental footprint from year to year<br>• ICT strives to have sustainable and innovative solutions that reduce costs and consumption | • By participating in various projects aimed at reducing energy consumption<br>• 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<br>• 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<br>• 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 |

# Ethics & business integrity

Respect, transparency and responsibility are the core values we take into account in everything we do. Working together – be it with colleagues, customers or suppliers – should be enjoyable. At ICT we are all equal. We always treat people with respect and approach each other 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 of 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 group reporting manager, measures the targets on a quarterly basis and summarises 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 $CO_2$ reduction targets are published twice a year.

# Ambitious & committed employer

At ICT employees come first. They are our most valuable assets and crucial for adding value for our customers thanks to their technological expertise and specialised knowledge. Being part of a leading player in the industry means being active in a dynamic, quickly changing environment while supporting customers on innovative and often challenging projects.
ICT aspires to be an employer that provides an inspiring environment where people can grow, both personally and professionally, each and every day. Our HR departments are fully committed to advising, connecting and facilitating individual employees and managers alike in order to improve the organisation and promote the development of our people based on their personal ambitions and passion for technology.

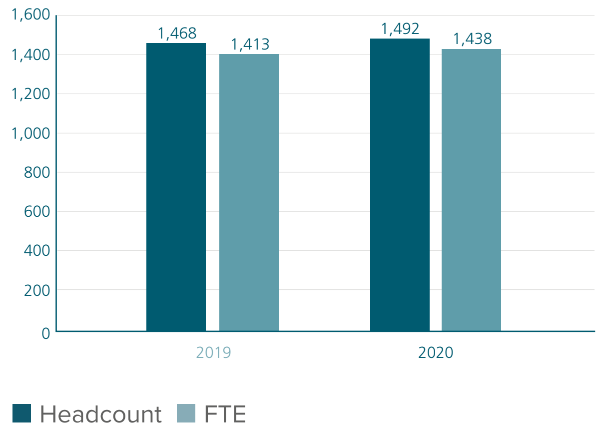
Innovation and technology are key, and ICT wants to be an employer of choice for people with whom this resonates. The following pillars underpin this ambition:

- The well-being of our employees
- Flexible career paths optimally promoting individual talents and skills
- 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 | 2020 | 2019 |
|---|---|---|---|
| **Well-being of employees** | | | |
| Staff retention | > 85% and above the sector-wide average | 85% | 84% |
| Employee satisfaction | > 7.0 | 7.4 | 7.3 |
| Absenteeism rate | Below the sector-wide average | 2.1% | 2.4% |
| Number of safety incidents | 0 | 0 | 0 |
| Number of employees participating in ICT's equity participation plan | There is no specific target defined | 26% | 21% |
| **Learning and development** | | | |
| Average number of training hours per FTE | On average 25 hours per annum | 17 | 22 |
| **Inclusiveness** | | | |
| % females vs. total number employees | Continuous improvement of gender diversity year-on-year | 18.5% | 14.1% |

The total number of employees at year-end 2020 was 1,492, 2% higher than at the end of 2019 (1,468).




The employment market for IT talents remains challenging, even without taking the Covid-19 crisis into account, as the specific expertise and skill set we need remains scarce. Being an employer of choice is crucial to attract motivated professionals. In order to be this we are keen to ensure we have a well-defined profile and identity that makes it clear what ICT offers existing and potential employees.

### Recruitment

As sparring partners, our recruitment professionals understand the specific requirements of the business. Using their knowledge and experience, they set out a strategy together with the business, acting as a mediator between candidates and the business.
The first few months of 2020 showed promising recruitment activity levels. ICT was able to recruit significantly beyond both historic levels and the targeted level set for the first quarter of the year. As of March the global effects of Covid-19 started to impact the organisation and the job market, temporarily slowing down our recruitment activities. Covid-19 has urged us to be creative and to find alternative ways to sustain our recruitment activities. We successfully resumed all these activities online.

Competing in a high-tech environment, we search for talent in a scarce market and this did not change in the year under review. It was an even more challenging time due to restrictions caused by the pandemic, which in particular led to stagnation in the global job market. Even though the scope of our recruitment activities is clearly international, as demonstrated by the 27 nationalities represented in our organisation, this past year we were forced to focus more on our local markets while maintaining our global networks to ensure future access to international talent.
Despite many challenges the past year has given us important insights into how to stay connected under difficult circumstances. Focusing on online, embracing the recruitment ideas of new colleagues from acquired companies and developing a new blueprint for the recruitment chapter of the corporate website were important elements which contributed to the growth of our team of expert technicians. Proactively providing the opportunity to connect with fellow ICT professionals, not only to learn about what the job really entails but also to get an impression of ICT's dynamics and culture, proved to be highly appreciated and useful under the current (Covid-19) circumstances and we will continue to do this going forward. Heading into 2021 we will continue our successful online strategies, restarting our regular on-site events and activities once Covid-19 restrictions are lifted.

Furthermore, in reaching out to potential candidates we will focus even more on helping talents thrive by providing 'job journeys'. By offering the opportunity to rotate in disciplines and roles, employees can broaden their perspective and opportunities for personal growth and development. And most importantly, unleash their full potential.

## Developments 2020

### Staying connected during the pandemic

The year 2020 was mainly defined by the Covid-19 pandemic, during which the health and well-being of our employees [and customers] has always been our first and foremost priority.
As from mid-March 2020, in an attempt to contain the spread of the coronavirus, lockdowns were implemented in all regions where ICT operates. The lockdown entailed different regimes in different countries and different time lengths, varying from a rather loose regime in Sweden to a full lockdown in Bulgaria. In all cases ICT had to act fast to facilitate employees working from home. Meanwhile, the shutdown of schools and daycare facilities meant that people had to navigate between work, care duties and homeschooling. This required an enormous amount of commitment and flexibility from our staff and customers alike.

It proved that not only our IT infrastructure but also our culture and mindset were well-equipped to handle this disruptive situation. The vast majority of our employees could work remotely. As an employer, we carefully monitored employee well-being and customer satisfaction, while providing support in every possible way. Both in a practical sense, making

it possible for staff to pick up home-office essentials, and from the perspective of keeping everybody engaged and connected by stepping up the level of communications.
Our CEO regularly shared video messages to inform and engage with employees, and managers touched base frequently with employees how they were doing. Furthermore, employees were supported with little gestures to keep their spirits up, such as home cinema vouchers and flowers, to recognise their hard work and commitment.

### Hiring and retention

The extra-ordinary circumstances surrounding the Covid-19 pandemic limited not only our recruiting activities in 2020 but also our outflow. The hiring activities of employees from abroad was limited due to travel restrictions and increased complexity of obtaining visas.
On balance ICT successfully hired 262 new colleagues (2019: 459), of whom 10% (2019: 31%) joined through companies acquired in 2020. The retention rate came in at 85% in 2020, compared to 84% in 2019, thereby meeting our retention rate target of 85%.

The retention rate at ICT Netherlands was on the industry average, despite the ever-challenging labour market and shortage of IT talent. In Sweden the retention rate was 70%.
In Bulgaria, ICT's recruitment efforts benefited from a greater volatility in the labour market while it kept its retention rate with 87% on an all-time high, resulting in an increase of 27% in the number of employees.

### Well-being of our employees

In general, a safe and pleasant working environment is a paramount at ICT, and this applied even more in the year under review. Well-being and engagement are strongly connected. Apart from the involvement managers have in connecting with their team members and monitoring their development, motivation and overall well-being, we are constantly working on sustaining and nurturing the health of our employees through:

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

### Company culture

While ICT has grown significantly in the past few years, its open and entrepreneurial culture has remained. We aim to create an environment in which our people feel welcome and supported to grow and develop.

All employees are encouraged to take responsibility and to develop their talents and skills. Entrepreneurial spirit and freedom to act are valued highly and preconditions for our employees to develop and transcend boundaries, be innovative pioneers developing ground-breaking solutions, and share knowledge while being able to be who they are.

The UN Guiding Principles on Business and Human Rights are intrinsically linked to our ethics policy. This policy is 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 and intimidation, and in which all employees have equal opportunities.

### Employee satisfaction survey

The operational management team and human resource management are in contact on a regular basis to ensure a healthy working environment. The result of the annual employee engagement survey is an important indicator for monitoring employee satisfaction. The scope of the 2020 survey was expanded and now includes our Swedish and German activities. The survey showed an overall score of 7.4 (2019: 7.3), with a response rate of 70% (2019: 71%), showing a gradual improvement in our score, above ICT's target of 7. Themes that were ranked highly by employees included corporate culture, working environment, cooperation and inclusiveness. The survey is also very valuable for identifying areas of improvement, including more guidance on career opportunities (which is being addressed in the new approach ICT has taken on career paths) and an increased alignment of communications between the group and group companies. ICT has started hosting a quarterly online meeting for all employees following results announcements.
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 potential candidates.

### Health and safety

Absenteeism due to sickness is an important indicator of employee well-being. Monitoring employee well-being became even more critical in the year under review. Employees working from home lacked regular (face-to-face) contact with managers and peers and the boundaries normally set by business hours faded. Moreover, many employees had to take care of their children or homeschool them due to the closure of schools and daycare facilities. This often resulted in stretched working days and increased stress levels. ICT took a proactive approach to mitigate these risks through clear communications and frequent contact. This included encouraging employees to schedule regular breaks and to be aware of signs of people being overtaxed. The regular prevention programme, which incorporates a health and safety manual, was extended with additional measures and tooling, including support on how to set up a healthy home-office environment. Managers were encouraged to keep in touch with team members more regularly and trained to recognise signs of staff being overtaxed.

The Covid-19 measures were temporarily eased in all regions in the summertime and employees were allowed to return to the office under certain conditions. Nevertheless, in all ICT's offices working from home remained the norm, even in Sweden with 85% of the employees working from home while no strict lockdown measures were in place, in line with ICT's policy. While ICT encouraged employees to continue to work remotely, all measures to ensure a safe office environment were put in place.
The absenteeism rate was 2.1% in 2020 (2019: 2.4%).

### Engagement initiatives

ICT has several employee engagement initiatives in place, including a group of young professionals under the age of 30, known as the Council of 20. This group of disruptive thinkers is encouraged to come up with new ideas to fuel ICT's pipeline of innovations.
Besides providing valuable input that enables ICT to stay connected to the world of millennials, the Council increases the engagement of these young professionals. The Council meets every quarter, with meetings taking place online this year, and is joined by a selective group of members of the Group Steering Committee. This serves several purposes, from enabling continuous dialogue to improving knowledge sharing.
Another initiative that promotes employee engagement is Young ICT. Open to anyone who would like to join, Young ICT organises all kinds of events geared

towards both knowledge sharing and socialising and networking. With few in-person events and gatherings taking place this past year, Young ICT played an active role in online engagement initiatives, for example by socialising online and organising pub quizzes. Another element in our drive for employee engagement is our Equity Participation Plan. This plan is open to all ICT employees on a permanent contract. More than 26% of the employees eligible to join currently participate in the plan (2019: 21%).

### Continuous learning and development

As an innovative frontrunner ICT uses the latest technologies and tools and ensures 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. Besides challenging them on a daily basis with innovative projects, we also offer technical and personal training to ensure they 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 – transitioning from job descriptions to flexible roles

Our people are our most important asset and ICT wants to do everything it can to help employees shape and build their careers. In the rapidly changing technical environment in which ICT operates traditional job profiles are too rigid and static to facilitate the full utilisation of employees' talent and potential. In a job description model a candidate needs to tick all the job requirement boxes. Failure to tick all the boxes can prevent a candidate from taking the next step, even though there may be a lot of potential unharvested in another. Career development based on role descriptions instead of job descriptions is a better fit for ICT: focusing on talent and helping employees become the best version of themselves. This approach benefits our people, our organisation and our business.
ICT is a knowledge-driven company that continuously challenges its employees in their learning and development to gain not only new technical knowledge but also other competencies. Providing employees with the opportunity to take on a role with the option to change it after a while enables them to broaden their scope and skill set. The ICT Role Framework has been developed for this purpose: a matrix defining five levels of roles and different phases of a project. This in-house framework will be rolled out throughout the organisation following the successful conclusion of a pilot in three business units.

ICT conducts career development evaluations on a yearly basis. To keep track of an employee's development throughout the year, one-on-one dialogue sessions between managers and employees are organised every quarter to share thoughts and feedback.

ICT aims to fill the majority of all management positions through internal succession, aided by our in-house leadership development programme. At ICT we prefer in-house promotions to management above attracting management from the outside. At the same time we strive for diversity in the lines of management and we aim to increase the representation of women in management roles.

### ICT Academy

ICT has set up the ICT Academy to facilitate the individual development of our people. The academy presents a platform for employees to enhance their learning and development, with training provided by our own professionals or carefully selected trainers and institutions. To fully support learning needs, we offer online training facilities in addition to traditional classroom facilities. The execution of training is entrusted to Improve Quality Services, ICT's specialised training unit.

In 2020 we clearly benefited from having a well-established training facility in place offering a broad portfolio of courses and development programmes. The ICT Academy offers 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. Employees made even more use of the opportunity to take online courses this past year, benefiting from the increased flexibility of working from home. Conventional classroom courses, on the other hand, were cancelled for most of the year. The leadership programme also had to be adapted and was held almost entirely online.

In the year under review ICT's professionals followed a total of 24,488 hours of training (2019: 28,324 hours). This equates to an average of 17 hours per employee (2019: 22 hours).

**Knowledge sharing**

The exchange of technical knowledge is crucial to continuous development and innovation. Mixing the backgrounds and expertise of employees, teams and customers in workshops is instrumental in advancing cross-functional skills and boosting creativity. In-house workshops continued online during the lockdown periods. However, for driving innovation and new business ideas, employees preferred meeting in person to interact and tap into each other's creativity as soon as business meetings were allowed in small groups.

Furthermore, external events and workshops continued mostly online and some larger events were postponed. In 2020, ICT was again sponsor of the three-day Hackatrain event, which normally takes place on a train to Berlin, but was taken completely online due to Covid-19. The challenge which was put forward by the main sponsor ProRail was to develop a solution for peak shaving at stations.

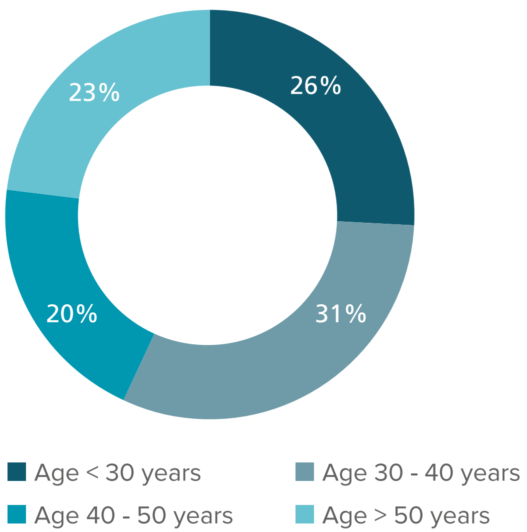
### Inclusiveness - Embracing multiculturalism and differences

At ICT we are convinced that diverse views and perspectives add value and are essential for driving 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 our 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 2020 18.5% of total staff were female, an increase compared to 14.1% in 2019. 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 aimed at realising a better gender balance in this field. It goes without saying that ICT respects gender equality. There is no difference in the base salary and total remuneration between women and men across all employee categories.

ICT employs people from all over the world, with employees representing 27 different nationalities (2019: 25). ICT assists international employees during the relocation and integration process, offering all the help it can, both from a social perspective and with other more practical day-to-day issues. We also organise culture sessions for international employees and Dutch nationals to enhance mutual understanding amongst employees.

The diversity of our workforce is also reflected in the age breakdown of our employees, which was as follows in 2020:




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 indicator

| Sustainable innovation | Targets | 2020 | 2019 |
|---|---|---|---|
| % of added value invested in innovative solutions | Around 1.5% of ICT's added value is invested in innovative solutions | 2.3% | 2.0% |
| Number of internships | | 70 | 54 |

Research & development initiatives (including CoLab and Dragons' Den) and innovation programmes were created to accelerate sustainable innovation in the pursuance of ICT's sustainable innovation objectives.

### CoLab

Created in 2017, CoLab is an innovative platform 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. The idea behind CoLab is that if everything in the world is connected, we have to work together to develop the future.

CoLab involves a community of 25 graduate students working towards a bachelor's or master's degree. The average participation cycle is six months, meaning that a total of 50 students can participate each year, focusing on themes such as artificial intelligence (AI), smart mobility and digital twins in IoT.

In the year under review CoLab partnered with data companies CQM, Greenhouse, Pipple, Sioux and Soltegro in a new project Bits of Help.
The partnership deploys data science and AI to help organisations that focus on social issues on a non-profit basis.

CoLab

The CoLab programme is used to develop proof of concepts which can be presented to the Dragons' Den committee and to train our own employees in new innovative concepts.

### 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 frequently 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 with recurring revenue streams. In 2020, given Covid-19, we have not been able to conduct physical Dragon's Den meetings. As a result we have decided to continue and expand our existing investments.
At OrangeNXT we have developed a cognitive search module with the DigitalNXT suite, at TURNN we have expanded the MaaS solution with an employer's portal. At CIS Solutions in Germany we have further developed the Smart building solution.

### Technology Advisory Council

To be able to help customers to stay at the forefront of their business and to maintain or assume market leadership in our fields as a company, we need to have a clear idea of what technologies will be commonly used within our market in the coming three to five years. The Technology Advisory Council (TAC) advises ICT's executive management and business units on forming a vision and what needs to happen now in order to deliver on it. In addition to technological developments, the TAC also takes social developments into account, including the growing significance of sustainability. The TAC is chaired by the Director of Innovation of Lund University (Sweden) and consists of both external and internal specialists who add specialist domain expertise on specific queries.
The TAC has met four times in 2020 and the chairman has presented the status, vision and progress to ICT's Supervisory Board.

### 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.

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

#### IBAZ – Improving performance in the water sector

To gain a quicker insight into a water board's waterwaste/purification management, ICT Group developed a web application (IBAZ: Inzicht, Benchmark en Advies Zuiveringsbeheer van de Waterschappen). The dashboard provides unique and new insight based on a benchmark which includes the performance of Dutch water boards on pollution, water treatment performance, operational costs and environmental factors.

To realise further performance improvement in the future, several alerting and advising functionalities will be added. The benchmark will also be expanded with data on the quality of purified water and energy use.

#### Smart buildings

Sustainable, healthy buildings are becoming increasingly important. Ensuring a healthy working environment for employees and climate neutrality while complying with all the applicable regulatory requirements can be a challenge. The OrangeNXT smart building solution combines the measurement and control of optimal building temperature, humidity, $CO_2$ level, noise level, etc. in a single, comprehensive system.

Besides monitoring the health of an environment, OrangeNXT's smart building solution provides real-time insight into energy usage at a very local, detailed level in relation to the generation of energy in the building, optimally balancing these two angles out. Furthermore, the smart building solution enables proactive maintenance, for example through automated alerts to field service engineers in the event of malfunctions, integration with management contracts (KPIs), and targeted and effective maintenance by means of big data.

**GoinGDutch**

OrangeNXT is one of the partners in GoinGDutch. GoinGDutch aims to improve the reachability and mobility around towns and airport cities by creating the ultimate home-to-work biking experience. The main goal is to encourage people to commute by bike to ultimately contribute to a fitter working population and reducing the $CO_2$ footprint. GoinGDutch's offering comprises a wide range of aspects. The interactive fast lanes offer the cyclist a unique and safe, fully equipped biking experience. Smart deployment of technology and real-time data provide the cyclist with relevant information and instructions. This informs the cyclist of the fastest route, the best time to leave home and get to work without getting wet, as well as the locations where he can park and charge his bike safely.

## Reduce our environmental footprint and that of the world

### Key performance indicators

| Reduce the world's environmental footprint | **Targets** | **2020** | **2019** |
|---|---|---|---|
| Carbon footprint in $CO_2$ tonnes per FTE | Reduction of 2% per FTE on a year-on-year basis. | 1.7 | 3.8 |
| 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 | 16% | 9% |

## $CO_2$

As an international company with activities in six countries, ICT is fully aware of its environmental impact. By monitoring and measuring our emissions we can analyse the effects our actions have, while taking into account the footprint of our customers and suppliers in the value chain.

ICT's greatest impact in reducing greenhouse gas emissions lies with its solutions, so we performed a number of chain analyses on projects in which we participate to calculate to what extent our $CO_2$ emissions could be reduced. These analyses were linked to various activities. The chain analyses we currently have in place relate to electric charging points (linked to ICT's collaboration with GreenFlux) and to GridFleX (which aims to set up a local and sustainable energy market for consumption, storage and trading of solar energy).

All these initiatives result in energy efficiencies, the use of renewable energy and a reduction in $CO_2$ emissions.

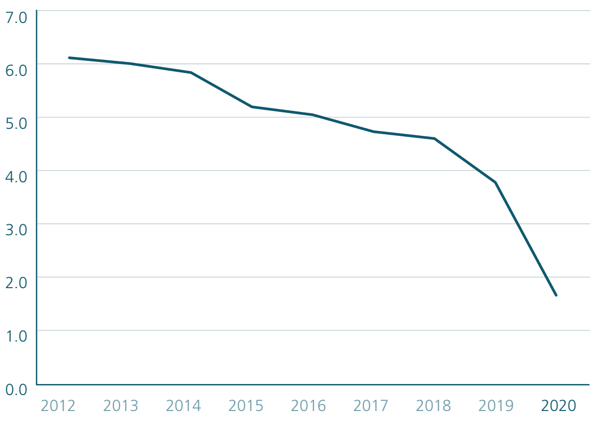
Looking at our own environmental footprint, it is ICT's objective to reduce its carbon footprint by 2% per FTE annually. We aim to achieve this objective through a lease car fleet which will mainly consist of electric cars by 2026, by only using renewable energy, through offices with an A grade energy label and with heating systems which will be fully electric by 2030. In 2020 our lease car fleet consisted of 16% electric cars (2019: 9%).

Furthermore, ICT's head office moved to a new location in September 2020. The new office location in the centre of Rotterdam has an 'Excellent-certificate' of BREEAM (Building Research Establishment Environmental Assessment Method). The sustainable installations in the building, of which ICT rents 1 floor, include 200 solar panels on the roof of the building and an underground cold-heat storage that heats and cools the building. In addition, the building is equipped with a greywater circuit, which uses rainwater to flush toilets. Due to its location near Rotterdam Central Station, the building is also easily accessible by public transport.
The prior office location of the head office in Barendrecht will be used for its project business.

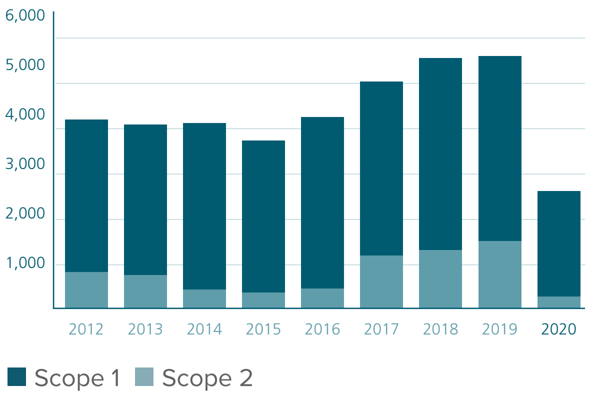
ICT has a Smart Mobility for Employees programme. As approximately 75% of ICT's carbon footprint originates from its car fleet, we have been working on providing alternatives based on modern communication technologies that enable our employees to minimise travel or find alternatives. ICT actively promotes the use of public transport, electric vehicles, e-bikes and carpooling for essential travel.

Due to Covid-19 most of our employees worked from home for the greater part of the year. This has significantly contributed to a reduction in our carbon footprint. Moreover, the lockdown increased the acceptance of working remotely from employees and customers alike, and we might move towards a structural mix of working on-site and remotely as many employees experienced the benefits of not having to commute. Although we had already been urging employees to minimise travel, the pandemic has accelerated the process of developing a new mobility policy to promote a change in the way we travel as a company. A pilot that will be launched at the beginning of 2021 provides a flexible way of commuting and travelling.

## Development of $CO_2$ emissions in tonnes per FTE




## $CO_2$ emissions 2012 - 2020




In 2020 $CO_2$ emissions per employee more than halved (2019: 15.6% reduction), mainly the result of the pandemic, which minimised travel and daily commutes. Although we consider this a temporary effect, we aim to continue to minimize travel also post-Covid. Since 2016 our $CO_2$ emissions per FTE have been reduced by 63%. Scope 1 and scope 2 $CO_2$ emissions for the company as a whole amounted to 2,131 tonnes in 2020 (2019: 3,735 tonnes) and 235 tonnes (2019: 1,363 tonnes), respectively. ICT is in the process of setting a new $CO_2$ emissions reduction target which also takes into account the climate agreement of the Dutch government as presented in June 2019. In setting a new reduction target we are also examining the feasibility of level-5 certification on the SKAO $CO_2$ performance ladder at ICT Group level.

The number of entities related to ICT Group N.V. and its subsidiaries certified under level 4 of the SKAO $CO_2$ performance ladder increased in the year under review. InTraffic B.V. is once again certified at level 5 of the SKAO $CO_2$ performance ladder.

### Other

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

### 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. With the pandemic impacting most of 2020 we were not able to raise money for charity through our annual ICT golf day. Instead we made a donation to the Red Cross. Furthermore, ICT supports De Stichting Leontienhuis, which offers help to people with an eating disorder.

# Risk management and internal control

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.

The Covid-19 pandemic has demonstrated the importance of identifying emerging risks and prioritising governance, risk and control actions within our company. Understanding how potential risks and the related impact and actions interconnect is crucial to maintain resilience in our operations: what processes might be impacted, what financial structures might get hit and are we sufficiently prepared, and how can we use technology to propel the digitisation of our processes? There has been a shift in monitoring and managing key controls (e.g. financial controls at subsidiaries) and compliance obligations (e.g. ISO certification audits). We therefore have flagged the risk of business disruption as an operational risk and added it to the set of company-wide risks. In 2020 our risk and control framework proved to be resilient as we were able to adapt to the changing environment.

**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<br>• Organisational structure, key areas of authority and lines of reporting<br>• Knowledge & skills, policies & procedures<br>• Oversight by Executive Board and Supervisory Board, responsibility for internal controls |
| 2. Entity-wide Risk Assessment Process | • Identification of business risks<br>• Evaluation of external and internal information<br>• Review of regular financial reports and ad hoc reporting<br>• Approval of budgets, business planning documents and the business strategy |
| 3. Control Activities | • Policies and procedures<br>• Operational effectiveness of preventive, detective and corrective controls<br>• Control over information systems |
| 4. Communication | • Internal communication: identification and communication<br>• External communication: preparation and review |
| 5. Monitoring of Controls | • Maintaining a monitoring process for entity-level and process-level controls<br>• Change of controls<br>• Evaluating KPIs and financial reporting results<br>• 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.

The COSO model and the Three Lines Model form the basis of our control framework. Both our company structure and corporate culture are reflected in the way we operate within our risk and control framework. Furthermore, our governance framework is based on clear roles: oversight by the Supervisory Board, actions by management and independent assurance by Internal Audit.

### 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 whistleblower 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 whistleblower 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 that it is in compliance with the group's policies and procedures. In 2020 we reviewed and updated the statements in the letters of representation to stay in line with developments in our risk framework, e.g. additional statements regarding information security. 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. Local management and finance teams are responsible for the execution and review of key controls. The internal audit function provides independent monitoring by testing the effectiveness of these key controls.

**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. Furthermore, external auditing of the above-mentioned standards takes place on a regular basis. Both external and internal audits provide input for further enhancements of the effectiveness and efficiency in our quality systems. These enhancements were implemented in the year under review or are planned for early 2021.

**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. This process includes quarterly Enterprise Risk Management (ERM) meetings in which all relevant disciplines within the organisation are represented. To promote involvement in and ownership and awareness of risk management, Risk Assessment workshops are executed at cluster levels as well as at process and project levels. The results of these assessments are shared within the organisation. 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% | +/- € 1.6 million | EBITDA | Flat gross margin and no change to cost base |
| **Operating expenses** | +/- 1% | +/- € 1.4 million | EBITDA | No change to cost base |
| **Interest rate** | + 100 bps | + € 0.2 million | Financial charges | Average net debt in 2020 |
| **Net debt** | +/- € 3 million | +/- € 0.1 million | Financial charges | Stable interest rates |

## Improvements in risk management and control systems in 2020

The outbreak of Covid-19 not only caused a shift in controls but also created opportunities and the necessity to speed up the digitisation of control systems. This digitisation led in some areas to a more efficient execution of key controls (mainly financial controls) due to continuous monitoring.

### Enterprise Risk Management

The monitoring emerging risks has always been a key element of the ERM committee's activities. When Covid-19 started to impact ICT's playing field, a dedicated team was formed to prepare for the possible impact of the pandemic on our process execution. The ERM committee, several members of which participated in the Covid-19 management team, monitored and evaluated the short-term and long-term actions taken by ICT to mitigate the impact of Covid-19.

### Internal controls

Given the impact of Covid-19 on our process execution, adequate internal controls continue to be a point of attention. In 2020 the internal control framework was further strengthened and key financial controls were constantly monitored. The integration of entities reduces the complexity of our organisation. Accordingly, the ongoing integration of acquired entities in the shared service centre contributed to efficiency in control execution as one way of working is promoted and enforced.

The effectiveness of implemented controls is tested by the Internal Audit department. Internal reviews, periodic evaluations and internal audits have led to updates of internal controls. An example of such updates is the extended use of certain tools to monitor project results and developments. KPIs incorporated in these tools signal potential areas of concern in project execution and project results. Another improvement is the automated signalling of changes in the financial performance of customers, suppliers and projects. Affirmative or corrective actions can subsequently be taken by the responsible staff member based on these signals.

### Internal audit

The internal audit function, which was established in 2018, is working together closely with second-line representatives while remaining independent. For instance, audits are planned in close cooperation with the Chief Information Security Officer (CISO) and the Quality Assurance (QA) Manager. This resulted in an audit plan for the third-line Internal Audit function in alignment with the audit agendas of the second-line ISO and other certification audits executed by the CISO and QA department. This close cooperation ensures that duplications are avoided, expertise is shared and the auditee's resources are used much more efficiently. Also, close cooperation with representatives of the Finance department and Legal department have led to process and compliance improvements.

The risk-based internal audit plan is discussed with the Executive Board, the Audit Committee of the Supervisory Board and the external auditor. Ultimately, the plan is agreed with the Supervisory Board. The plan is reassessed periodically in view of organisational and external developments. This leads to agile audit planning focused on topics that matter. Adjustments to the plan are discussed with the Executive Board and approved by the Audit Committee. The integration of acquisitions continues to be a focus area.

**Policies**

In 2019 ICT improved and harmonised the group's crisis manual. This manual includes a crisis management matrix that provides pragmatic support in the event of a potential crisis. The organisation was forced to put the crisis manual in practice on very short notice given the outbreak of Covid-19. The manual, which is based on sound business continuity principles and practices, was very helpful in this situation. In view of this we continue to assess the accessibility and clarity as well as the usefulness of our policies. When and where needed, policies are being adjusted and, if possible, made redundant: The 'less is more' principle applies in this respect. It appeals to the common sense of our management teams and staff members alike and supports their entrepreneurial spirit while providing them with guidance and a basic set of boundaries.

**Further certification**

The ISO 9001 certification at InTraffic and ICT Netherlands was successfully renewed. In addition, the $CO_2$ performance ladder surveillance audits at InTraffic (level 5) and ICT Group N.V. (level 4) were passed. To increase the efficiency of external ISO 27001 audits, ICT is well on its way to enable the external auditor to perform multi-site audits. This is a more holistic approach at group level in which multiple entities can be audited at the same time. We expect this to take effect in 2021.

**Focus in 2021**

In 2021 ICT intends to focus on the following:

- Further streamlining the processes and implementing one way of working for the entire organisation, including further expanding our shared service centre.
- Information security: software tooling will be implemented to improve cybersecurity, further increase our resilience and strengthen the Business Continuity Management processes. These actions will improve our ERM system.
- The continued integration of newly acquired entities into ICT's control framework to ensure efficient ways of operating.
- Intensified cooperation between Quality Management, Information Security and Internal Audit in order to create a positive lever in continuous improvement, while respecting the objectivity of each role.

## 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 it is mitigated and specify our risk appetite. 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.

### Business disruptions

Disruptions may occur in the execution of our processes. Disruptions are monitored and managed as operational risks. As a company we can be impacted by disruptions caused by external shocks (e.g. fire, cyberattacks, natural disasters and pandemics such as Covid-19). Any such disruptions usually impact several operational processes simultaneously and can have a far wider impact (in both duration and magnitude) on our business performance and continuity. Being prepared for such disruptions requires a broad approach, in-depth analysis and crisis-like treatment. To monitor our preparedness for and management of business disruptions, we have included 'business disruption risk' as a principle risk area.

ICT Group is active in a broad spectrum of business lines. This in itself helps reduce the impact of a business disruption on the company as a whole. Also, our business continuity processes and procedures are aimed at reducing the impact of disruptions. The periodic assessment of our insurance coverage helps limit the financial impact of disruptions.

The business disruption caused by the outbreak of Covid-19 triggered a suite of coordinated and concerted mitigating measures and actions. We took several precautionary measures which supported our process execution during the first month of the pandemic in Europe and in the period thereafter. The actions and measures included:

- adjusting IT processes to facilitate working from remote locations (e.g. home) to ensure continued delivery and engagement;
- updating our information security measures to reflect the new way of working and connectivity;
- adapting Health & Safety procedures including guidelines on the usage of office space;
- increasing our focus on cost reduction and working capital;
- signing a revised financing agreement as a back-up financing facility in the event that the crisis intensifies.

The Covid-19 pandemic has also led to alternative ways of working and communicating with customers and team members. It has caused a shift in direct supervision from a local presence to the online coaching and monitoring of our professionals.

### Economic downturn

Economic, political and social conditions impact the way ICT operates. The company's results depend on general economic conditions and can therefore be affected by a deterioration of conditions in its markets. In the first half of 2020 we saw the impact of the Covid-19 pandemic on our markets and customers. The immediate short-term impact on our business performance and continuity was limited in the first half of 2020. However, given the pandemic's far-reaching geographical impact and the uncertainty regarding its scale and duration, we continue to monitor the effects of Covid-19 on our business and adjust our responses accordingly.

### Speed of technological developments

We see the speed of technological developments accelerating, also as a result of the Covid-19 pandemic which is speeding up digitisation in the broadest sense. We see this both at our clients and within ICT. This acceleration increases the risk of being unable to keep up with developments, something we are very aware of at ICT. And we aim to reap the commercial benefits of this, for instance by setting up a data intelligence unit. At the same time we are increasing the gathering and use of data to further improve our internal control framework.

### Cybersecurity

ICT's solutions are mostly embedded at the core of its customers' operations. Cyber threats, involving issues such as privacy, phishing, cybercrime, internet fraud and even IT terrorism, can pose significant risks to both ICT and its customers. ICT protects the privacy data it manages. Failure to do so could result in significant reputation risk. Cybersecurity is vital to mitigate these risks, as are clear policies and procedures.

Following the outbreak of Covid-19 most of our employees have been working from home most of the time. We therefore increased our focus on secure access as well as on security awareness by continuing our training and testing. In the year under review ICT also implemented a new training tool fully customised to the services it delivers to its customers. ICT has appointed a number of employees as information security officers to increase staff involvement throughout the organisation. These employees are also involved in audits related to cybersecurity. In addition, it was decided to implement additional software tools to further strengthen ICT's cybersecurity.

### Acquisitions

As ICT pursues a buy-and-build strategy, acquisitions are an integral part of its business model. This strategy does carry the risk of poor integration of acquisitions. In the event of an acquisition the ultimate objective is to adequately integrate the company into 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.

In 2020 we continued the integration of two Bulgarian entities acquired in 2019 into the group's internal control framework. Also NedMobiel and Proficium were fully integrated into the framework. In the second half of 2020 ICT decided to cease its local secondment activities in Belgium and only continue as project integrator for its international customers in Belgium.

### Labour market scarcity

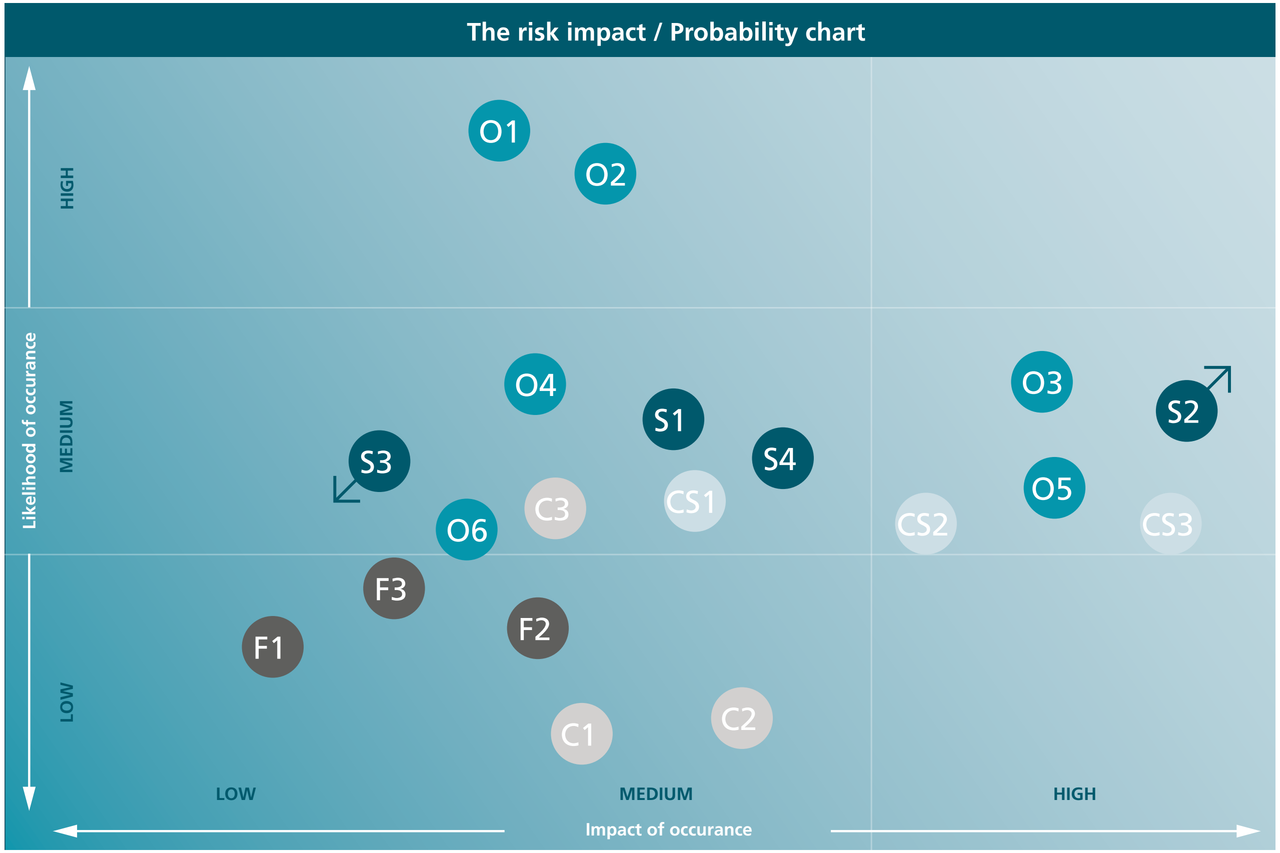
The ability to attract and retain the right people is a key driver of growth. And this is becoming more crucial as talent is increasingly scarce. ICT strives to be an attractive employer that invests in its people and encourages them to be entrepreneurial. ICT continuously develops and implements initiatives to reinforce this. Covid-19 did not significantly impact the inflow and outflow of employees. It has, however, become more difficult to attract employees from abroad.

### 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. As the projects ICT is involved in increase in size, both the impact and the probability of the associated risks are likely to rise and will be addressed with appropriate risk mitigation measures. In 2020 we continued to improve and expand our project control system, including predictive controls on the performance of projects.
These developments and trends can also be seen in the diagram on the following page.

## Impact and trend risks in 2020

**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

O6: Business disruption

**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<br>• Develop appropriate solutions as effectively and efficiently as possible<br>• Make clear choices regarding strategic positioning<br>• Spread activities across different markets, mix between different themes<br>• Continuous monitoring of sales funnel and horizon | Low to Moderate |
| S2 | Speed of technological developments | • Alert response to changes affecting clients and markets<br>• Invest in new technologies, products and people<br>• Continuous training and education of professional staff<br>• Partnerships to stay at the forefront of technological developments | Moderate |
| S3 | Multidimensional relationships | • Limit the exposure to 1.5% of added value<br>• Periodic monitoring of the mix and exposure to multidimensional relationships<br>• 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<br>• Disciplined approach with start-ups<br>• 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<br>• Enable entrepreneurship and initiatives<br>• Create a sufficiently challenging environment<br>• Invest in relationships with schools and universities | Low |
| O2 | Incremental costs to attract highly talented people | • Offering higher added value solutions<br>• Maintain high quality<br>• More scalable projects<br>• Increase customer awareness that talent is becoming more expensive | Moderate |
| O3 | Dependence on large clients | • Broaden the client base, invest in sales<br>• 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<br>• Qualified management with adequate competencies and business and IT knowledge<br>• 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<br>• Disciplined and standardised integration process, including connectivity to ICT's enterprise systems<br>• Onboarding programme for new colleagues | Moderate |
| **Cybersecurity risks** | | | |
| CS1 | Unauthorised access to ICT systems | • Continuously increase the resilience of ICT systems<br>• Ongoing security testing<br>• 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<br>• Increase customer awareness through training<br>• ISO 27001 certifications | Low |
| CS3 | Data breach | • Update and implementation of data breach and privacy policies<br>• Clear procedures in place for data collection and storage<br>• Ongoing awareness training and programmes on own platforms<br>• 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)<br>• External audit and supervision by the Audit Committee<br>• Implementation of a consolidation tool<br>• Internal letter of representation process in place | Low |
| F2 | Inadequate funding | • Ensure adequate financing facilities, for both acquisitions and working capital<br>• Operate well within the covenants agreed with the banks | Low |
| F3 | Credit risk | • New customers are vetted individually for creditworthiness, including external ratings<br>• Global credit insurance for all group companies | Low |
| **Compliance risks** | | | |
| C1 | Failure to comply with laws and legislation | • Continuous monitoring of laws and regulations<br>• 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<br>• Corporate governance system<br>• 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<br>• Appropriate general and professional liability insurance | Low |

# 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; and
- 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 24.2% over the past five years (28.0% 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 138 of the financial statements.

Our global corporate tax contribution for 2020 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.

Rotterdam, 4 March 2021

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

OUR EMPLOYEES

# Innovating in parallel rather than sequentially

Additude Sweden, an ICT Group Company, offers software and engineering consulting services that support customers in their innovation processes, product development and growth strategy. Furthermore, they offer solutions and advice in complete IoT solutions, including construction, design, electronics, embedded systems and software. As a headhunter, they attract the market's most driven and ambitious specialists and leaders for their customers.

Although Sweden, unlike many other European countries, did not impose a lockdown, working from home was also the norm here in 2020. Thomas Lövskog, Additude's SVP of Innovation, is working on innovations and testing new technologies on a daily basis. Covid-19 also had an impact here. How do you ensure that you can remain innovative in this day and age?

Thomas Lövskog explains: “Of course I missed experimenting together with suppliers and customers, but I also welcomed the time I was able to save by not travelling anymore. For the past year I've been working on a project that started just before the pandemic hit Sweden. It’s a very innovative project with an ambitious deadline. When the government recommended working from home as much as possible in mid-March, we immediately switched to full-time digital work.”

### Working from home as the standard

Working from home became the new standard, but that was no problem for Additude. “Everyone already had the tools to work from home and our type of work can easily be done remotely,” he sums up. “However, I had to be creative on some fronts. Normally I have a lot of meetings with suppliers. Innovating means trying out new things and working together with suppliers until you find the right solution. Now that we couldn’t meet in person, I had to describe what I needed. Suppliers then sent a number of solution options on which I gave feedback, and subsequently they could make adjustments,” he says. That was a bit more cumbersome than in the normal situation, but it worked well in the end.”

### Flexible project

In order to keep the project flexible, Additude developed partial project solutions in parallel which would otherwise be delivered sequentially, one after the other. Lövskog gives an example: “Because the delivery times in different countries were unreliable due to the Covid-19 restrictions, we ordered the components for various project solutions simultaneously. We aligned our work with the delivery times. The components that first arrived were also processed first.” Lövskog: “You have to be flexible.”

### Adapted to the situation

The project with this client is still ongoing. Partly thanks to the flexible attitude of everyone involved, he expects to meet the tight deadlines. “Everyone has adapted very well to the situation. Everyone at Additude embraced working from home. We have been inventive in overcoming obstacles and of course we put in extra effort. As a result, our customers experience very little impact of Covid-19 in their projects. That's a great achievement that I'm quite proud of.”

*Thomas Lövskog,*
*SVP of Innovation Additude AB*

# Corporate **governance**

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

**Roles and responsibilities**

ICT Group N.V., a public limited liability company incorporated under Dutch law with its registered office in Rotterdam, 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, such as the proposal to amend the Articles of Association during the last AGM.

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. 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 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 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. General meetings are held where the company has its corporate seat or in Amsterdam. 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. After the amendments to the Articles of Association as approved by the AGM in 2020, it is allowed to virtually follow the proceedings of the general meeting, participate in the general meeting and to cast votes prior to the general meeting. 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.
Because of the COVID-19 pandemic it was decided to postpone the AGM to 24 June 2020. Furthermore, in order to keep shareholders, employees and other stakeholders safe, the company decided, following the Temporary Act COVID-19 Justice and Safety (the "Emergency Act"), that the AGM would only be electronically accessible for shareholders via a live video-webcast. Also the EGM held on 20 August 2020 in which Mrs. Niessen was appointed Supervisory Board member, was held via a live video-webcast in accordance with the Emergency Act.

**Purchase and issue of (rights to) shares**
The Annual General Meeting of Shareholders on 24 June 2020 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 24 June 2020. 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 24 June 2020. This authorisation is limited to a maximum of 20% of the number of shares issued as of 24 June 2020.

## 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 Administratie-kantoor 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 2020, the members were Mr. W.J. Wienbelt (Executive Board member), Mr. P. de Winter (chairman of the Works Council) and Mr. H. Uittien (General counsel & Company secretary).

## 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 preference shares issued. As at 31 December 2020, no preference shares had been issued. The Stichting has an independent board. As at 31 December 2020, the board consisted of the following members: Mr. H.J.A. Knijff (chairman), Mr. R. ter Haar, Mr. R. Munsters and Mr. J.C.M. Schönfeld. Mr. Plaizier resigned effective as per 1 March 2020 and he was succeeded by Mr. 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 considered well balanced in terms of professional expertise and background. The Supervisory Board has two female members and three male members. There are currently no female members on the Executive Board. 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. Diversity at next management level is closely monitored and remains point of attention. 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 Whistleblower Policy, are clearly brought to the attention of all new employees.

## Declarations

In 2020, 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.
**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**
Mr. W.N. van de Bunt (1961), vice chairman
**Nationality**
Dutch
**Position**
Partner, Fortino Capital Partners
**Ancillary positions**
None
**Initially appointed in**
2019
**Current term until**
2023

**Name**
Mrs. A.J.M. de Vries-Schipperijn (1968)
**Nationality**
Dutch
**Position**
EVP at Salesforce
**Ancillary positions**
Member of the Supervisory Board of Noordbrabants Museum
**Initially appointed in**
2019
**Current term until**
2023

**Name**
Mr. K. Beeckmans (1971)
**Nationality**
Belgian
**Position**
Chief Financial Officer and Member of the Board of Directors at GVB Amsterdam
**Ancillary positions**
Member of the Supervisory Board of Bredenoord B.V.
Member of the Advisory Board at Hollander Techniek B.V.
**Initially appointed in**
2020
**Current term until**
2024


**Name**
Mrs. J. Niessen (1977)
**Nationality**
Dutch
**Position**
Partner at CapitalT
**Ancillary positions**
Board member of Codam
Member of the advisory board of FutureNL
Member of the investment committee of Innovation Quarter
**Initially appointed in**
2020
**Current term until**
2024

# Report of the **Supervisory Board**

We are pleased to present the 2020 ICT Group Supervisory Board report. 2020 was no doubt a memorable year for all of us. The impact of Covid-19 has left and is still leaving its mark on all our lives. And the pandemic has also had an impact on ICT Group, including the uncertainty of what the effect will be on our markets and our customers. Not to mention the immediate impact on our people who had to start working from home overnight.

We believe management acted very decisively and took the right actions to mitigate the impact of the crisis in a people and customer-centric manner. Facilitating remote working, increasing the focus on

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cost reductions and working capital, helping our customers navigate their priority shifts, and making sure all necessary information security measures are taken. And above all, making sure that everybody stayed connected, particularly our employees but also our customers and other stakeholders. The company was able to navigate the crisis by staying connected – a true accomplishment for everybody involved.

### Financial statements for 2020

The 2020 financial statements were prepared by the Executive Board and reviewed and discussed by the Supervisory Board at a meeting attended by the external auditor, PricewaterhouseCoopers. The Audit Committee discussed the financial statements and audit findings in detail with the external auditor in its meeting of 25 February 2021. 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 154 of this Annual Report.

The Supervisory Board recommends that the Annual General Meeting of Shareholders on 12 May 2021:

- adopt the financial statements for the 2020 financial year;
- discharge the Executive Board and the Supervisory Board for their management and supervision in the year under review;
- approve the proposed dividend of € 0.40 per share.

### Supervisory Board activities in 2020

In the year under review the Supervisory Board held 13 meetings. As from March 2020 due to the Covid-19 pandemic most meetings were held via video conferencing. All Supervisory Board members were present at every meeting, except for Mr. Van de Bunt who was absent from the April meeting for personal reasons. All meetings were also attended by the Executive Board. 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 of the Supervisory Board had regular contacts with the CEO, while the CFO and the Chairman of the Audit Committee were also in regular contact. The individual Supervisory Board members contacted each other for updates and to consult if and when deemed useful.

### Topics discussed

As of the spring of 2020 the impact of Covid-19 on ICT was an important topic. Given the magnitude of the pandemic and the possible impact it could have on the company's productivity, revenue and earnings, cash position, market conditions and customer relations, as well as the health of our employees, regular calls were organised to closely monitor the Group's performance and the effect of the measures taken by the Executive Board.

The Supervisory Board devoted considerable time and additional dedicated meetings to discussing and assessing the Group's strategy and objectives with respect to long-term value creation. The company engaged outside advisors to support the Executive Board and Supervisory Board in this process. During these sessions the Executive Board's leadership, ambitions and strategic vision were discussed by the members of the Supervisory Board 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 M&A activity, taking into account the impact of Covid-19. As a result of the pandemic some M&A processes were delayed.

Attracting and retaining talent is certainly one of ICT's main priorities in the current challenging labour market. ICT's recruitment strategy was discussed, specifically in light of the impact of Covid-19 on recruitment. The findings of the annual employee satisfaction survey were discussed, including potential areas for improvement. In order to be thoroughly informed, the Supervisory Board invited the ICT Group HR director to participate in two meetings in the year under review, the topics of which included these findings but also succession planning within the Group was discussed.

Another important issue discussed by the Supervisory Board as part of the strategic review was the Group's increased focus on software solutions.

Corporate governance-related topics, including the proposed amendments to the Articles of Association and the amended remuneration policy in accordance with the new legislation introduced at the end of 2019 as well as the implications of any future legislation, were also on the agenda. Other key topics throughout the year were ICT's financial performance, cash flow, working capital and external financing. 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. 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

Following the conclusion of his second term, Mr. Deepak Luthra resigned from the Supervisory Board at the AGM on 24 June 2020. At that same meeting Mr. Koen Beeckmans was appointed as a member of the Supervisory Board for a period of four years until the AGM in 2024.

At the end of 2019 Mrs. Gina van der Werf decided to step down as a member of the Supervisory Board of ICT Group N.V. for personal reasons. At an EGM held on 20 August 2020, Mrs. Janneke Niessen was appointed for a period until the General Meeting following a four-year term.
As of the EGM in August ICT Group's Supervisory Board consisted of the following five members: Theo van der Raadt (Chairman), Wouter van de Bunt, Angélique de Vries-Schipperijn, Koen Beeckmans and Janneke Niessen.

Mr. Van der Raadt, whose additional two-year term will end at the AGM in 2021, will be available for another two-year extension. It is anticipated that a proposal to this effect will be tabled for the agenda of the 2021 AGM.

### Profile and diversity

A description of the Supervisory Board's profile is available on the ICT Group website (www.ictgroup.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 two new members appointed to the Supervisory Board in 2020 fit the profile, with each bringing their own specific experience to the Board. Mr. Beeckmans brings extensive international financial experience both at listed and private companies, as well as broad experience in M&A and process management.
Mrs. Niessen brings broad and extensive experience as an entrepreneur and investor in sectors related to

digitalisation and Industry 4.0. Furthermore her involvement in many start-ups, both as a mentor and an investor will be valuable to the company.

The members bring a wide range of skills and experience to the Board from an array of backgrounds and industries. ICT aims to achieve diversity not only in terms of experience and background (including cultural background), but also in gender and age. All these factors are taken into account when proposing appointments to the AGM. ICT strives for women to hold at least 30% of the positions on the Supervisory Board. Female representation on the Supervisory Board currently stands at 40%.

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 near future.

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 possible changes to rules, as well as any specific topics addressed in letters from the association of Dutch listed companies (VEUO) and the Dutch investors' association (VEB) directed at listed companies.

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 the provisions of 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 accompanies the CEO and CFO at Supervisory Board meetings 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.

The annual meeting between the Supervisory Board and the entire Works Council had to be postponed a number of times due to the lockdown measures.

Therefore no physical meeting took place in 2020. Instead numerous digital meetings were held between a delegation from the Works Council and the Chairman and vice-Chairman of the Supervisory Board to discuss specific topics, most importantly but not limited to the consequences of Covid-19 for the employees of the Group. A physical meeting will be once again planned as soon as the measures allow for this.

Introductory meetings were held (remotely) 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. Given the Covid-19 pandemic, however, the scheduled meeting in 2020 in Malmö at the offices of Attitude was cancelled and there were only a few physical meetings during the year at the company's headquarters (initially in Barendrecht and later in Rotterdam following the move). Circumstances permitting, it is the intention of the Supervisory Board to visit a foreign office again in 2021.

The Supervisory Board members were provided with or proactively gathered relevant information from 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. During the onboarding programme the new Supervisory Board members, Mr. Beeckmans and Mrs. Niessen, were briefed on their responsibilities and informed by senior management on the financial, social, sustainability, human resources, governance, legal and reporting affairs of ICT and its businesses.

## Evaluation

The performance of the Executive Board, the working methods, procedures and functioning of the Supervisory Board, its committees and individual members, as well as the functioning of the Executive Board and its individual members were all evaluated in 2020. The Supervisory Board assessed its own performance on the basis of responses to a questionnaire submitted by the members of the Supervisory Board to the Chairman. The questionnaire covered topics such as the composition and expertise of the Supervisory Board, the frequency and quality of the meetings and meeting materials, the nature of the topics discussed during meetings and access to information. The responses provided by the Supervisory Board members indicated that the Board continues to be a well-functioning team in its new composition.
The evaluations also confirmed that discussions between the members of the individual boards and between the Supervisory and Executive Board members are both frank and constructive.

## Supervisory Board committees

The Supervisory Board has an Audit Committee (AC), a Remuneration Committee (RC) and a Selection and Appointments Committee (SAC).

The composition of the committees at the end of 2020 was as follows:

| Committee | Chairman | Member |
|---|---|---|
| AC | Mr. K. Beeckmans | Mr. W. van de Bunt |
| RC | Mrs. A. de Vries-Schipperijn | Mrs. J. Niessen |
| SAC | Mr. T. van der Raadt | Mrs. A. de Vries-Schipperijn |

## 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 minutes of all AC meetings are distributed to the Supervisory Board members.

In connection with the resignation of Mr. Luthra as a Supervisory Board member and the appointment of Mr. Beeckmans as his successor, a number of meetings took place between both. Before formally succeeding Mr. Luthra as chair of the Audit Committee, Mr. Beeckmans had already attended Audit Committee meetings in preparation for his new role. Both worked together closely to ensure a diligent handover.

Covid-19 also had an impact on a large number of topics discussed in the Audit Committee in the reporting year:

- the 2019 annual results and the quarterly and half-year results for 2020;
- the 2019 consolidated financial statements and the 2019 Annual Report;
- the 2020 budget and the quarterly performance against the budget;
- the 2021 budget and 2022-2024 multi-year plan;
- the key findings of the due diligence conducted prior to acquisitions and the purchase price allocation following acquisitions;
- 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 2021 and the findings of the internal audits performed in 2020.

The Internal Audit Plan for 2021 was adopted by the Audit Committee and subsequently approved by the Supervisory Board. A significant number of the above matters are 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 (RC)

The Remuneration Committee (RC) met three times in the year under review. This year an important matter discussed was the proposed amendments to and revision of the remuneration policy relating to the Executive Board and the drafting of the policy relating to the Supervisory Board, in line with standard practice, in order to comply with the newly introduced Dutch legal requirements in accordance with the Shareholder Rights Directive II (SRD II). This draft proposal has been submitted to the shareholders for approval at the AGM.

In February 2020 the RC discussed the performance of the Executive Board members and the realisation of the Short Term Incentive for 2019 against the targets set. The committee set new targets for 2020 with respect to short-term variable remuneration.

In February 2021 the RC and the Chairman of the Audit Committee calculated the Short-Term Incentive (STI) and Long-Term Incentive (LTI) for the Executive Board members for the 2020 financial year. The outcome was based on the agreed methodology and validated by the external auditor. New targets were set for the short-term variable remuneration in 2021.

For a complete overview of the remuneration of the Executive Board and Supervisory Board members reference is made to the Remuneration Report on page 79 of this Annual Report. This 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. Acknowledging and focusing on this is even more important in challenging times like these when people have to work from home and staying connected takes more effort. Accordingly, the RC devoted specific time and effort to this in 2020. The findings of the Employee Satisfaction Survey were discussed in a meeting with the Works Council, along with employee rewards and working conditions.

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

## Selection and Appointments Committee (SAC)

The Selection and Appointments Committee (SAC) held three meetings in the 2020 financial year. In view of the retirement of Mr. Luthra at the AGM in June 2020 and the resignation of Mrs. Van der Werf in December 2019, the SAC performed an extensive search for new members resulting in the nomination and subsequent appointments of Mr. Beeckmans and Mrs. Niessen at the AGM in June 2020 and the EGM in August 2020, respectively.

An important topic which is regularly discussed by the SAC is succession planning, both within the boards and in the underlying management structure. These discussions on succession planning provide the Supervisory Board with valuable insight needed to assess the quality and growth potential of management in light of company targets. Given the fact that a number of members of the Supervisory Board are relatively new it was decided in the interest of continuity to propose another two-year extension for Mr. van der Raadt.

During the Supervisory Board meetings the Chair of the SAC reported on the discussions held in the SAC meetings. 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

These are unprecedented times for everyone. The members of the Supervisory Board would like to thank ICT's stakeholders, including customers, business partners and shareholders, for their long-term commitment to our company. We particularly wish to thank all ICT Group employees and the Executive Board for their never-ending commitment and hard work under these challenging circumstances.

Rotterdam, 4 March 2021
Supervisory Board
*Th.J. van der Raadt (Chairman)*
*W. van de Bunt (Vice-Chairman)*
*A. de Vries-Schipperijn*
*K. Beeckmans*
*J. Niessen*

# Remuneration Report 2020

## Remuneration Policy

This section provides an overview of the current remuneration policy of the Company. Following the implementation of the Shareholders' Rights Directive II in the Dutch Civil Code, a revised remuneration policy for the Executive Board was proposed to and adopted by the shareholders 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.

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

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

[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.

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 2021, 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 (linked to the short-term incentive) 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 criterion. 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 criterion is dependent on the actual performance level per criterion:

- 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 long-term incentive plan held by the Executive Board members at the financial year ends 2020 and 2019 are shown in the following table.

| Share ownership by Executive Board members | CEO | CFO |
|---|---|---|
| Number of shares 2020 | 59,944 | 40,295 |
| Number of shares 2019 | 43,944 | 25,857 |
| Number of shares in lock up | 48,016 | 31,747 |

### 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

Following adoption by the General Meeting at the 2019 and 2020 AGM's of a new Supervisory Board and Committees remuneration, the current remuneration of the Supervisory Board members is as set out below.

- 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 the Selection 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 the Selection 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 2020

The remuneration in 2020, 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 2020

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 2020 – 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 2020 hereunder.

### Balanced scorecard 2020

**On target bonus full year 2020**

| 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% | 22% | **42,959** | **29,457** |
| 1.2 | EBITDA ICT Group | 25% | 90% | 120% | 30% | **61,027** | **41,847** |
| 1.3 | Operational cash flow | 20% | 80% | 140% | 40% | **71,540** | **49,056** |
| **2** | **Qualitative Objectives** | **30%** | | | | | |
| 2 | Qualitative Objectives | 30% | | | 21% | **38,273** | **26,245** |
| BSC realisation 2020 in % | | | | | 113% | **213,799** | **146,605** |

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 2020 – 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 2020, no amounts have been paid to the members of the Executive Board related to the long-term incentive plan (2019: no amounts). The costs related to the long term incentive plan amounted to negative € 184,232 in 2020 (2019: negative € 84,460). 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 over 2020 is 5.4, 2019 (5.3).

Additionally, a pay ratio has been calculated on the basis of the CEO's fixed management fee, the variable remuneration payable over 2020, 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 6.6 (2019: 6.1). The variable remuneration of the Executive Board members increased in 2020 compared to 2019 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 | | 2015 - 2016 | 2016 - 2017 | 2017 - 2018 | 2018 - 2019 | 2019 - 2020 | 2020 |
|---|---|---|---|---|---|---|---|
| **Executive Board members*** | | | | | | | |
| Mr. J.H. Blejie | Actual change | 3,410 | 152,171 | (42,149) | (76,777) | 94,739 | 626,864 |
| | Relative change | 0.7% | 30.5% | -6.5% | -12.6% | 17.8% | |
| Mr. W.J. Wienbelt | Actual change | 2,200 | 91,876 | (6,539) | (44,337) | 64,964 | |
| | Relative change | 0.7% | 28.7% | -1.6% | -10.9% | 18.0% | 425,564 |
| **Supervisory Board members**** | | | | | | | |
| Th.J. van der Raadt | Actual change | 3,750 | - | 2,563 | (1,063) | 1,500 | 48,000 |
| | Relative change | 9.1% | 0.0% | 5.7% | -2.2% | 3.2% | |
| F.J. Froschl | Actual change | 1,875 | - | - | (18,750) | - | |
| | Relative change | 6.7% | 0.0% | 0.0% | -62.5% | - | |
| D. Luthra | Actual change | 1,875 | - | - | 1,875 | (19,025) | 18,850 |
| | Relative change | 5.5% | 0.0% | 0.0% | 5.2% | (50.2%) | |
| K. Beeckmans | Actual change | | | | | 29,250 | 29,250 |
| | Relative change | | | | | | |
| G.A. van der Werf | Actual change | | | 23,333 | 12,917 | - | |
| | Relative change | | | | | -100.0% | |
| W. van de Bunt | Actual change | | | - | 23,125 | 13,875 | 37,000 |
| | Relative change | | | | | 60.0% | |
| A. de Vries-Schipperijn | Actual change | | | - | 21,875 | 15,125 | 37,000 |
| | Relative change | | | | | 69% | |
| J. Niessen | Actual change | | | | | 12,700 | 12,700 |
| | Relative change | | | | | | |
| **ICT Group Performance Measures** | | | | | | | |
| Revenue*** | Actual change | 17,942 | 15,260 | 24,865 | 25,615 | 4.548 | 160,017 |
| | Relative change | 25.0% | 17.0% | 23.7% | 19.7% | 2.8% | |
| EBITDA (pre-ifrs 16 comparison)*** | Actual change | 3,154 | 1,702 | 1,476 | (1,747) | 1,892 | 13,619 |
| | Relative change | 44.2% | 16.5% | 12.3% | -13.0% | 16.1% | |
| Operational cash flow*** | Actual change | 660 | 746 | 4,920 | 6,070 | 3,107 | 22,360 |
| | Relative change | 9.6% | 9.9% | 59.5% | 46.0% | 16.1% | |
| **Employees of the company****** | Actual change | (8,096) | 2,499 | 2,891 | 361 | (1,354) | 66,614 |
| | Relative change | -11.5% | 4.0% | 4.5% | 0.5% | -2.0% | |

* 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 composition during the year and changes in committee memberships.
*** The number are stated in thousands euro.
**** 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). Decrease in average salary 2020 compared with 2019 is also due to growth of ICT Nearshoring.

## Summarised overview of Executive Board remuneration policy of the Company and application in 2020

| | Policy summary | Application in 2020 summary | Application in 2019 summary |
|---|---|---|---|
| Fixed management fee | Fixed management fee | CEO: € 363,065<br>CFO: € 248,959 | CEO: € 357,700<br>CFO: € 245,280 |
| | Indexation applied | Yes | Yes |
| Short-term incentive | Performance criteria (see BSC) | CEO: € 213,799<br>CFO: € 146,605 | CEO: € 124,425<br>CFO: € 85,320 |
| Long-term incentive | Earnings per share increase (yearly increase or decrease of necessary accrual) | CEO: -€ 116,380<br>CFO: -€ 67,852 | CEO: -€ 53,197<br>CFO: -€ 31,263 |
| Pension (including costs for insurances) | In addition to fixed contribution | CEO: € 50,000<br>CFO: € 30,000 | CEO: € 50,000<br>CFO: € 30,000 |
| Costs for insurances (not specifically agreed upon) | Included in fixed contribution for pension | | |
| **Total remuneration** | | **CEO: € 510,484**<br>**CFO: € 357,712** | **CEO: € 478,928**<br>**CFO: € 329,337** |
| Relative percentage of fixed and variable remuneration (pursuant to section 2:135b lid 3 sub b DCC) | | CEO: fixed 81% and variable 19%<br>CFO: fixed 78% and variable 22% | CEO: fixed 85% and variable 15%<br>CFO: fixed 84% and variable 16% |

## Remuneration Supervisory Board in 2020

The total remuneration for members of the Supervisory Board in 2020 is as follows:

| Members of the Supervisory Board | Remuneration [1) 2)] | Comments |
|---|---|---|
| Mr. Th.J. van der Raadt, chairman | € 48,000 | Inclusive of SAC Chairman membership compensation. |
| Mr. D. Luthra, vice-chairman | € 18,850 | Inclusive of AC Chairman compensation. Pro rata payment for the period up to AGM. |
| Mr. K. Beeckmans | € 29,250 | Inclusive of AC Chairman compensation. Pro rata payment for the period up from AGM to 31 December 2020 |
| Mr. W. van de Bunt | € 37,000 | Inclusive of AC membership compensation. |
| Mrs. A. de Vries-Schippeijn | € 37,000 | Inclusive of RC Chairman and SAC membership compensations [3)]. |
| Mrs. J. Niessen | € 12,700 | Inclusive of RC member compensation and pro rata payment for the period from EGM to 31 December 2020. |

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 2020 no additional amounts has been paid to members which are member of both the Remuneration committee and Selection and Appointment Committee.

## Remuneration policy going forward

No major changes are expected in the remuneration policy of both the Executive and Supervisory Board for 2021.

# Consolidated financial statements **2020**

# CONSOLIDATED BALANCE SHEET

For the year ended 31 December

| (x € 1,000) | Note | **2020** | | 2019 | |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Property, plant & equipment | 7 | 3,232 | | 3,655 | |
| Right-of-use assets | 8 | 15,309 | | 13,134 | |
| Goodwill | 9 | 38,139 | | 37,457 | |
| Other intangible assets | 10 | 18,705 | | 21,251 | |
| Investment in associates | 11 | 1,091 | | 912 | |
| Deferred tax assets | 12 | 627 | | 373 | |
| Other financial assets | 13 | 932 | | 1,590 | |
| | | | 78,035 | | 78,372 |
| CURRENT ASSETS | | | | | |
| Inventory | | 195 | | - | |
| Trade and other receivables | 14 | 39,041 | | 39,354 | |
| Corporate income tax receivable | | 629 | | 915 | |
| Cash and cash equivalents | 15 | 13,121 | | 5,769 | |
| | | | 52,986 | | 46,038 |
| **TOTAL ASSETS** | | | **131,021** | | **124,410** |

| (x € 1,000) | Note | **2020** | | 2019 | |
|---|---|---|---|---|---|
| **Equity and liabilities** | | | | | |
| SHAREHOLDERS' EQUITY | 16 | | | | |
| Issued share capital | | 969 | | 956 | |
| Share premium | | 15,178 | | 14,194 | |
| Currency translation reserve | | 171 | | 91 | |
| Legal reserve | | 8,905 | | 7,371 | |
| Treasury shares | | (13) | | (13) | |
| Retained earnings | | 29,590 | | 28,767 | |
| Net profit *) | | 4,151 | | 2,618 | |
| Attributable to shareholders of ICT Group N.V. | | 58,951 | | 53,984 | |
| Non-controlling interest | | 719 | | 559 | |
| | | | 59,670 | | 54,543 |
| NON-CURRENT LIABILITIES | | | | | |
| Deferred tax liabilities | 12 | 3,599 | | 3,912 | |
| Share-based compensation and long-term employee benefits liabilities | 17 | 359 | | 482 | |
| Loans (long-term) | 18 | 11,006 | | 13,423 | |
| Deferred acquisition consideration (long-term) | 19 | 3,890 | | 3,600 | |
| Lease liabilities (long-term) | 8 | 10,245 | | 8,488 | |
| | | | 29,099 | | 29,905 |
| CURRENT LIABILITIES | 20 | | | | |
| Trade payables | | 4,795 | | 5,837 | |
| Corporate income tax payable | | 173 | | 86 | |
| Other taxes and social security premiums | | 9,279 | | 8,996 | |
| Loans (short-term) | 18 | 5,688 | | 6,540 | |
| Deferred acquisition consideration (short-term) | 19 | 354 | | 747 | |
| Lease liabilities (short-term) | 8 | 5,078 | | 4,617 | |
| Other current liabilities | | 16,885 | | 13,139 | |
| | | | 42,252 | | 39,962 |
| **TOTAL EQUITY AND LIABILITIES** | | | **131,021** | | **124,410** |

*) 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 | 2020 | 2019 |
|---|---|---|---|
| **Revenue** | 22 | **160,017** | **155,469** |
| Cost of Materials and subcontractors | | 25,449 | 26,546 |
| Employee benefit expenses | 23 | 95,657 | 91,486 |
| Depreciation and amortisation | 7, 8, 10 | 12,508 | 11,582 |
| Other operating expenses | 25 | 19,719 | 20,911 |
| Total operating expenses | | 153,333 | 150,525 |
| **Operating profit** | | **6,684** | **4,944** |
| Financial expenses | 26 | (868) | (1,124) |
| Financial income | 26 | 70 | 104 |
| One-off accounting gains | 27 | - | 679 |
| Result from associates | 12 | 159 | (901) |
| **Result before taxes** | | **6,045** | **3,702** |
| Income tax expense | 28 | (1,690) | (1,031) |
| **Net profit** | | **4,355** | **2,671** |
| Other comprehensive income (loss), net of tax | | 80 | (4) |
| **Total comprehensive income** | | **4,435** | **2,667** |

| (x € 1,000) | Note | 2020 | 2019 |
|---|---|---|---|
| **Net profit attributable to:** | | | |
| • Shareholders of ICT Group N.V. *) | | 4,151 | 2,618 |
| • Non-controlling interests | | 204 | 53 |
| **Total comprehensive income attributable to:** | | | |
| • Shareholders of ICT Group N.V. *) | | 4,231 | 2,614 |
| • Non-controlling interests | | 204 | 53 |
| **Earnings per share** | 28 | | |
| Basic earnings per share (in €) | | 0.43 | 0.27 |
| Diluted earnings per share (in €) | | 0.43 | 0.27 |

*) The 2019 net profit includes € 679 thousand of one-off gains related to the dilution of the share in GreenFlux. The one-off gain related to the dilution of the share in GreenFlux is a non-cash item and is a non-distributable profit 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) | Attributable to owners of the parent | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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 own 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 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 |
| **1 January 2020** | **956** | **14,194** | **91** | **7,371** | **(13)** | **28,767** | **2,618** | **53,984** | **559** | **54,543** |
| Net profit | - | - | - | - | - | - | 4,151 | 4,151 | 204 | 4,355 |
| Other comprehensive income | - | - | 80 | - | - | - | - | 80 | - | 80 |
| Total comprehensive income | - | - | 80 | - | - | - | 4,151 | 4,231 | 204 | 4,435 |
| Dividends paid | - | - | - | - | - | - | - | - | - | - |
| Acquisition of subsidiaries | - | - | - | - | - | (261) | - | (261) | (44) | (305) |
| Purchase of treasury shares | - | - | - | - | - | - | - | - | - | - |
| Sale of treasury shares | - | - | - | - | - | - | - | - | - | - |
| Issuance of new shares | 13 | 984 | - | - | - | - | - | 997 | - | 997 |
| Transfers | - | - | - | 1,534 | - | (1,534) | - | - | - | - |
| Prior year result allocation | - | - | - | - | - | 2,618 | (2,618) | - | - | - |
| **Balance at 31 December 2020** | **969** | **15,178** | **171** | **8,905** | **(13)** | **29,590** | **4,151** | **58,951** | **719** | **59,670** |

*) The legal reserve as at 31 December 2020 includes € 4,762 thousand from one-off accounting gains (2019: € 4,083 thousand) and € 4,144 thousand from capitalized intangible fixed assets (2019: € 3,288 thousand).

Click here to view the entire table

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

| According to the direct method<br>(x € 1,000) | Note | 2020 | | 2019 | |
|---|---|---|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers | 21 | 192,224 | | 187,353 | |
| Payments to suppliers and employees | 22-24 | (169,864) | | (168,100) | |
| | | | 22,360 | | 19,253 |
| Interest paid | 25 | (612) | | (654) | |
| Income tax (paid) received | 27 | (2,004) | | (4,169) | |
| | | | (2,616) | | (4,823) |
| **Net cash flow from operating activities** | | | **19,744** | | **14,430** |
| CASH FLOW FROM INVESTMENT ACTIVITIES | | | | | |
| Additions to property, plant and equipment | 7 | (950) | | (1,011) | |
| Additions to software and product development | 10 | (2,724) | | (2,320) | |
| Acquisition of subsidiaries (net of cash acquired) | 3 | (727) | | (10,235) | |
| Payment of earn-out liabilities | 19 | (161) | | (3,785) | |
| Additions to other financial assets | 13 | 73 | | (1,367) | |
| Sale of subsidiaries | 2 | - | | 1,107 | |
| **Net cash flow from investment activities** | | | **(4,489)** | | **(17,611)** |

| According to the direct method<br>(x € 1,000) | Note | 2020 | | 2019 | |
|---|---|---|---|---|---|
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | |
| Issuance of new treasury shares | 16 | 997 | | - | |
| Purchase of treasury shares | 16 | - | | (304) | |
| Re-issuance of treasury shares | 16 | - | | 512 | |
| Proceeds from borrowings external loans | 18 | - | | 15,000 | |
| Repayments of borrowings external loans | 18 | (3,268) | | (4,947) | |
| Payment of lease liabilities | 8 | (5,678) | | (4,936) | |
| Dividend paid to non-controlling interest | 16 | - | | (208) | |
| Dividend paid to shareholders of ICT Group N.V. | 16 | - | | (2,345) | |
| **Net cash flow from financing activities** | | | **(7,949)** | | **2,772** |
| **Net cash flow** | | | **7,306** | | **(409)** |
| Cash at bank and in hand (net) as at 1 January | 15 | 5,769 | | 6,178 | |
| Exchange rate differences cash at banks and in hand (net) | | 46 | | - | |
| Cash at bank and in hand (net) at 31 December | 15 | 13,121 | | 5,769 | |
| **(Decrease) increase cash and cash equivalents** | | | **7,306** | | **(409)** |

# 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:*
*Weena 788*
*3014 DA Rotterdam*
*Telephone: +31 (0)889082000*
*Fax: +31 (0)889082500*

The consolidated financial statements of ICT Group N.V. for the year ended 31 December 2020 were authorised for issue by the Executive Board on 4 March 2021, were signed by the Executive Board and the Supervisory Board on 4 March 2021 and will be submitted for adoption to the General Meeting on 12 May 2021.

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 1,500 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.

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 is globally active and operates from several locations in the Netherlands, Belgium, Bulgaria, France, Germany and Sweden.

In this Annual Report, 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.

## 2. GROUP INFORMATION

The following group companies are included in the consolidation.

### Group companies

| | | |
|---|---|---|
| ICT Netherlands B.V. [1] | Rotterdam (the Netherlands) | 100% |
| Improve Quality Services B.V. | Waalre (the Netherlands) | 100% |
| ICT Nearshoring B.V. [2] | 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. [3] [4] [13] | Houten (the Netherlands) | 100% |
| ICT Healthcare Technology Solutions Belgium B.V. [13] [16] | Bellegem (Belgium) | 100% |
| BMA France SAS | Versailles (France) | 100% |
| OrangeNXT B.V. [13] | Barendrecht (the Netherlands) | 100% |
| INNOCY B.V. [5] | Breda (the Netherlands) | 100% |
| InTraffic B.V. [6] | Utrecht (the Netherlands) | 100% |
| ICT Motar B.V. [13] | Barendrecht (the Netherlands) | 50.1% |
| CIS Solutions GmbH | Ismaning (Germany) | 66% |
| ICT Participations B.V. [14] | Barendrecht (the Netherlands) | 100% |
| Additude AB [7] | Malmö (Sweden) | 70.55% |
| Additude B.V. [15] | Barendrecht (the Netherlands) | 100% |
| Kodar Ltd. | Plovdiv (Bulgaria) | 100% |
| UP2 Technology Ltd. [8] | Sofia (Bulgaria) | 100% |
| TURNN B.V. [9] [11] | Nieuwegein (the Netherlands) | 100% |
| ICT Indusoft B.V. [10] [11] [13] | Barendrecht ((the Netherlands) | 100% |
| Esprit Management & IT Services B.V. [12] | Sint-Oedenrode (the Netherlands) | 100% |

### Joint ventures and associates

| | | |
|---|---|---|
| LogicNets, Inc. | Washington D.C. (USA) | 20% |
| GreenFlux Assets B.V. | Amsterdam (the Netherlands) | 15.38% |
| SpringRivet Holding B.V. | Amsterdam (the Netherlands) | 20% |

1) 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 on the consolidated financial statements of ICT Group N.V. The merger became effective as of 1 January 2020.
2) At 8 May 2020 Strypes Nearshoring Ltd. is liquidated.
3) At 2 July 2020, ICT Healthcare Technology Solutions B.V. acquired the remaining 49% shares of BMA Telenatal B.V.
4) In 2020, a legal merger was filed for ICT Healthcare Technology Solutions B.V. (surviving entity) and BMA Telenatal B.V. The legal merger has no financial impact in the consolidated financial statements of ICT Group N.V. The legal merger became effective as of 1 October 2020.
5) In 2020, a legal merger was filed for NedMobiel B.V. (surviving entity), Proficium B.V. and Proficium OVK B.V. The legal merger has no financial impact in the consolidated financial statements of ICT Group N.V. The legal merger became effective as of 1 October 2020. On 1 October 2020 the legal name of NedMobiel B.V. was changed into INNOCY B.V.
6) 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 impact on the consolidated financial statements of ICT Group N.V. The legal merger became effective as of 1 January 2020.
7) 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 on the consolidaetd financial statements of ICT Group N.V. The legal merger became effective as of 1 January 2020.
8) At 13 December 2019 ICT acquired 100% of the shares and voting interests in UP2 Technology Ltd. and is consolidated as from 1 January 2020.
9) At 25 May 2020 TURNN B.V. was incorporated.
10) At 17 July 2020 ICT Indusoft B.V. was incorporated.
11) At 17 July 2020 TURNN B.V. was transferred as subsidiary from InTraffic B.V. to ICT Indusoft B.V.
12) At 14 July 2020 Esprit Management & IT Services B.V. was acquired.
13) At 28 December 2020 OrangeNXT B.V., ICT Motar B.V. and ICT Healthcare Technology Solutions B.V. and its subsidiaries were transferred from ICT Group N.V. to ICT Indusoft B.V.
14) At 23 June 2020 ICT Participaties B.V. resigned from the board of directors of ICT Sensoria NL B.V. with effect that the participation into ICT Sensoria NL B.V. decreased to 0%.
15) On 14 July 2020 the shares of Additude AB into Additude B.V. were transferred to Esprit Management & IT Services B.V. The transfer resulted in an increase of the participation percentage in Additude B.V. from 70.55% to 100%.
16) BMA BeLux BVBA has changed the name into ICT Healthcare Technology Solutions Belgium B.V.

## 3. BUSINESS COMBINATIONS AND ACQUISITIONS OF SUBSIDIARIES

### ACQUISITION OF 100% OF SHARES ESPRIT MANAGEMENT & IT SERVICES B.V.

On 14 July 2020 ICT acquired 100% of the shares and voting interests in Esprit Management & IT Services B.V.

### 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 | 804 |
| Deferred / contingent acquisition consideration | 361 |
| **Total consideration transferred** | **1,165** |

### 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.

| (x € 1,000) | Carrying amount | Fair value adjustments | Recognised values |
|---|---|---|---|
| Intangible assets: Order Backlog | - | 320 | 320 |
| Cash and cash equivalents | 96 | - | 96 |
| Other current assets | 304 | - | 304 |
| Current liabilities (excluding lease liabilities) | (116) | - | (116) |
| Deferred tax liabilities | - | 80 | (80) |
| **Total identifiable net assets acquired** | **284** | **240** | **524** |

### 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 € 303 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 | 1,165 |
| Fair value of identifiable net assets | 524 |
| **Goodwill** | **641** |

The goodwill is mainly attributable to the experienced workforce of Esprit, 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

The order backlog has been identified and valued as a part of a Purchase Price Allocation exercise. The order backlog has been valued at € 320 thousand and is amortised in 1 year.

As a result, the total amortisation amounts to € 160 thousand in 2020. 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 € 120 thousand in 2020.

# 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 2020.

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. A number of other accounting policies are effective from 1 January 2020, but they do not have a material effect on the ICT Group's consolidated financial statements.

### (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. These new standards and amendments will 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 2020 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, regarded as 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 divested 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 21 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 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 been impaired 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 at 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 in 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.

(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 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 the 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 the 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 has 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, when 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

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

ICT has 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 plans 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

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.

Right-of-use assets are measured at cost comprising of the following:
- the amount of the initial measurement of the 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 will be paid after 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.

### 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 specifically attributed to 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.

#### COVID-19

During 2020 the worldwide Covid-19 pandemic impacted our markets and customers. The short-term impact on our business performance and continuity was limited in 2020. However, given the pandemic's far-reaching geographical impact and the uncertainty regarding its scale and duration, we continue to monitor the effects of Covid-19 on our business and adjust our responses accordingly.

The effects of Covid-19 are taken into account in our assumptions and estimates resulting in discounted cash flows projections in the yearly goodwill impairment testing of the CGU's. We concluded that no impairment is applicable.

Covid-19 does not have an effect on ICT's ability to act as a going concern entity.

#### Accounting estimates and judgments

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 performs an annual impairment test on goodwill. 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 associated with 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 | + € 0.2 million | Financial charges | Average net debt 2020 |
| Interest rate | + 250 bps | + € 0.5 million | Financial charges | Average net debt 2020 |

### 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 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 customer. 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 14% and 16% (2019: 13% and 15%) of the Company's annual revenues. This customer has a credit rating of A3 (Moody's). There have been no collectability issues with respect to this client. The Company establishes a provision for doubtful receivables that represents its estimate of incurred losses in respect of outstanding receivables with customers. See note 14 of the financial statements for further disclosures on credit risk.

### e) Liquidity risk

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

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

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

In 2020 ICT extended its credit facilities from € 40.0 million to € 50.0 million in total. The working capital credit facility (facility A) is € 12.5 million (2019: € 12.5 million) and the acquisition credit facility (facility B) € 35.0 million (2019: € 25.0 million). The guarantee facility is unchanged € 2.5 million.

At year-end 2020 ICT had called on the acquisition facility (facility B) for the amount of € 16.7 million (31 December 2019: € 20.0 million) and had not used the working capital credit facility (facility A).

The covenant requirements include a Senior Net Debt to EBITDA ratio (max. 3.5), an asset cover test, a revenue cover test and a clean down period of three consecutive business days per year. In 2020 and as per 31 December 2020, 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 2020** |
|---|---|---|---|
| (x € 1,000) | **Less than 3 months** | **3 months to 1 year** | **1-5 years** |
| Trade payables | 4,795 | - | - |
| Corporate income tax payable | 577 | - | - |
| Other taxes and social security premiums | 9,279 | - | - |
| Deferred acquisition consideration *) | 300 | 98 | 3,845 |
| Other current liabilities | - | 16,333 | - |
| Acquisition financing (Long and short term loans) *) | 1,634 | 4,053 | 11,006 |
| **Total** | **16,585** | **20,484** | **14,851** |

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

| **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** |

*) 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:

| (x € 1,000) | **2020** Computer equipment | **2020** Other tangible fixed assets | **2020** Total | 2019 Computer equipment | 2019 Other tangible fixed assets | 2019 Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| **1 January** | **3,822** | **5,296** | **9,118** | **3,228** | **4,777** | **8,005** |
| Arising on acquisition | 1 | - | 1 | 22 | 141 | 163 |
| Divestments | 52 | 21 | 73 | (34) | (24) | (58) |
| Additions | 552 | 398 | 950 | 606 | 402 | 1,008 |
| Transfers | 65 | (65) | - | - | - | - |
| **31 December** | **4,492** | **5,650** | **10,142** | **3,822** | **5,296** | **9,118** |
| **Accumulated depreciation** | | | | | | |
| **1 January** | **(2,250)** | **(3,213)** | **(5,463)** | **(1,677)** | **(2,310)** | **(3,987)** |
| Depreciation (arising on acquisition) | - | - | - | (6) | (84) | (90) |
| Divestments | (52) | (32) | (84) | 10 | 18 | 28 |
| Depreciation | (657) | (706) | (1,363) | (577) | (837) | (1,414) |
| Transfers | (36) | 36 | - | - | - | - |
| **31 December** | **(2,995)** | **(3,915)** | **(6,910)** | **(2,250)** | **(3,213)** | **(5,463)** |
| **Net book value 1 January** | **1,572** | **2,083** | **3,655** | **1,551** | **2,467** | **4,018** |
| **Net book value 31 December** | **1,497** | **1,735** | **3,232** | **1,572** | **2,083** | **3,655** |

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 LEASES 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 at 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 leases typically run for a period between 3 and 5 years. The car leases 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** | | | | **2020** |
|---|---|---|---|---|
| (x € 1,000) | **Properties** | **Lease cars** | **Other** | **Total** |
| **1 January** | **8,176** | **4,729** | **229** | **13,134** |
| Additions to right-of-use assets | 4,240 | 4,358 | 3 | 8,601 |
| Depreciation charge for the year | (2,622) | (2,884) | (76) | (5,582) |
| Derecognition of right-of-use assets | (170) | (667) | (7) | (844) |
| **31 December** | **9,624** | **5,536** | **149** | **15,309** |
| **Net book value 1 January** | **8,176** | **4,729** | **229** | **13,134** |
| **Net book value 31 December** | **9,624** | **5,536** | **149** | **15,309** |

| **Right-of-use assets** | | | | 2019 |
|---|---|---|---|---|
| (x € 1,000) | Properties | Lease cars | Other | Total |
| **1 January** | **8,364** | **4,351** | **183** | **12,898** |
| Additions to right-of-use assets | 2,107 | 3,431 | 121 | 5,649 |
| Depreciation charge for the year | (2,069) | (2,664) | (69) | (4,802) |
| Derecognition of right-of-use assets | (226) | (389) | (6) | (621) |
| **31 December** | **8,176** | **4,729** | **229** | **13,134** |
| **Net book value 1 January** | **8,364** | **4,351** | **183** | **12,898** |
| **Net book value 31 December** | **8,176** | **4,729** | **229** | **13,134** |

| **Lease liabilities** | **31 December** | 31 December |
|---|---|---|
| (x € 1,000) | **2020** | 2019 |
| Non-current liabilities | 10,245 | 8,488 |
| Current liabilities | 5,078 | 4,617 |
| **Total lease liabilities** | **15,323** | **13,105** |

At 31 December 2020 € 0.4 million of the non-current liabilities pertains to longer than 5 years (31 December 2019 € 1.0 million).

| **Amounts recognized in profit or loss** | | |
|---|---|---|
| (x € 1,000) | **2020** | 2019 |
| **Leases under IFRS 16** | | |
| Interest on lease liabilities | 130 | 57 |
| Expenses related to short-term leases | 9 | 140 |
| Expenses related to low value assets, excluding short-term leases | 228 | 74 |

| **Amounts recognized in statement of cash flows**<br>**Lease liabilities**<br>(x € 1,000) | **2020** | 2019 |
|---|---|---|
| Total cash outflow for service costs related to leases | 3,404 | 3,203 |
| Total cash outflow for payment of lease liabilities | 5,678 | 4,936 |
| **Total recognised in statement of cash flows** | **9,082** | **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 that 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 € 437 (31 December 2019: € 833 thousand.)

## 9. GOODWILL

The movements in goodwill can be summarised as follows:

| (x € 1,000) | **2020** | 2019 |
|---|---|---|
| **At 1 January** | | |
| Cost | 43,537 | 34,951 |
| Accumulated impairment | (6,080) | (6,080) |
| **Net book value** | **37,457** | **28,871** |
| **Movement in cost** | | |
| Arising on acquisition | 682 | 9,063 |
| Divestment | - | (477) |
| | **682** | **8,586** |
| **Impairment losses** | | |
| Impairment charges | - | - |
| | **-** | **-** |
| **At 31 December** | | |
| Cost | 44,219 | 43,537 |
| Accumulated impairment | (6,080) | (6,080) |
| **Net book value** | **38,139** | **37,457** |

Of the goodwill arising from acquisitions in 2020 € 641 thousand relates to Esprit and € 41 thousand to UP2 Ltd.

Of the goodwill arising from acquisitions in 2019 relates to € 5,732 thousand Additude Sweden, € 199 thousand to BNV, € 485 thousand to Kodar, € 175 thousand to UP2 and € 2,472 thousand to Proficium. The divested goodwill in 2019 pertains to the sale of Raster Products 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 21. The following CGUs have goodwill allocated as at 31 December 2020:

| **Goodwill** (x € 1,000) | **31 December 2020** | 31 December 2019 |
|---|---|---|
| Engineering R&D | 3,516 | 3,516 |
| Industrial Automation | 10,331 | 10,331 |
| Infra / Mobility | 11,279 | 11,279 |
| Healthcare Technology | 2,329 | 2,329 |
| Bulgaria | 1,711 | 1,670 |
| Sweden | 5,732 | 5,732 |
| Other | 3,241 | 2,600 |
| **Clusters consolidated** | **38,139** | **37,457** |

The aggregated goodwill reported under 'Other' amounting to € 3.2 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 year business and financial plan with 2020 as the first year. 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.

For the estimated growth rates used, we refer 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 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 | Improve |
|---|---|---|---|---|---|---|---|---|
| WACC pre-tax: 2020 | 13.1% | 13.1% | 13.1% | 13.1% | 13.2% | 12.6% | 13.1% | 13.1% |
| WACC pre-tax: 2019 | 12.8% | 12.8% | 12.8% | 12.8% | 13.5% | 16.8% | 12.8% | 12.8% |
| WACC post tax: 2020 | 9.8% | 9.8% | 9.8% | 9.8% | 11.9% | 9.8% | 9.8% | 9.8% |
| WACC post tax: 2019 | 10.0% | 10.0% | 10.0% | 10.0% | 12.1% | 13.3% | 10.0% | 10.0% |
| **Management forecast** | | | | | | | | |
| Forecast period (in years) | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Revenue growth rate (avg.) | 2.7% | 1.6% | 6.0% | (0.9)% | 4.2% | 3.2% | 7.6% | 9.5% |
| EBIT margin improvement (absolute) | (4.6)% | (0.1)% | 5.1% | 23.7% | (7.8)% | 7.0% | 24.0% | 15.9% |
| **Terminal period** | | | | | | | | |
| Growth rate 2020 | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| Growth rate 2019 | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |

### 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 | Improve |
|---|---|---|---|---|---|---|---|---|
| Carrying value | 16.7 | 22.4 | 25.1 | 5.3 | 7.1 | 9.6 | 7.8 | 2.6 |
| Value in use | 41.1 | 33.4 | 47.8 | 5.6 | 25.1 | 10.4 | 10.2 | 4.4 |
| Headroom | 24.4 | 11.0 | 22.7 | 0.3 | 18.0 | 0.8 | 2.4 | 1.8 |

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 | Improve |
|---|---|---|---|---|---|---|---|---|
| **Management forecast period** | | | | | | | | |
| Revenue growth rate | (1.6)% | (0.9)% | (1.5)% | (0.1)% | (3.2)% | (0.1)% | (0.4% | (1.4)% |
| EBIT margin deterioration (basis points) | (5.4)% | (3.2)% | (5.0)% | (0.4)% | (10.1)% | (0.5)% | (1.4%) | (4.4)% |
| Discount rate (WACC) | 19.3% | 5.7% | 7.9% | 0.5% | 44.0% | 0.8% | 2.2% | 6.3% |

## 10. OTHER INTANGIBLE ASSETS

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

| | 2020 | | | | | | 2019 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (x € 1,000) | Software and licenses | Development costs | Customer relations | Order backlog | Other intangible assets | Total | Software and licenses | Development costs | Customer relations | Order backlog | Other intangible assets | Total |
| **Cost** | | | | | | | | | | | | |
| **1 January** | 8,878 | 5,437 | 19,118 | 2,516 | 3,622 | 39,571 | 7,477 | 1,498 | 14,201 | 1,608 | 2,547 | 27,331 |
| Arising on acquisition | - | - | - | 320 | - | 320 | 1,060 | 2,373 | 4,917 | 908 | 680 | 9,938 |
| Additions | 26 | 2,500 | - | - | 205 | 2,731 | 359 | 1,566 | - | - | 395 | 2,320 |
| Disposals | - | - | (26) | - | (34) | (60) | (18) | - | - | - | - | (18) |
| **31 December** | **8,904** | **7,937** | **19,092** | **2,836** | **3,793** | **42,562** | **8,878** | **5,437** | **19,118** | **2,516** | **3,622** | **39,571** |
| **Accumulated amortisation** | | | | | | | | | | | | |
| **1 January** | (4,458) | (3,021) | (7,705) | (2,266) | (870) | (18,320) | (3,345) | (217) | (5,126) | (1,541) | (508) | (10,737) |
| Arising on acquisition | - | - | - | - | - | - | - | (1,966) | - | - | - | (1,966) |
| Amortisation | (1,227) | (1,538) | (1,911) | (410) | (477) | (5,563) | (1,116) | (838) | (2,325) | (725) | (362) | (5,366) |
| Disposals | 5 | - | - | - | 21 | 26 | 3 | - | (254) | - | - | (251) |
| **31 December** | **(5,680)** | **(4,559)** | **(9,616)** | **(2,676)** | **(1,326)** | **(23,857)** | **(4,458)** | **(3,021)** | **(7,705)** | **(2,266)** | **(870)** | **(18,320)** |
| **Net book value 1 January** | **4,420** | **2,416** | **11,413** | **250** | **2,752** | **21,251** | **4,132** | **1,281** | **9,075** | **67** | **2,039** | **16,594** |
| **Net book value 31 December** | **3,224** | **3,378** | **9,476** | **160** | **2,467** | **18,705** | **4,420** | **2,416** | **11,413** | **250** | **2,752** | **21,251** |

Additions to Software and licenses and Development costs does not include software development not ready for use at 31 December 2020 and 31 December 2019.
At 31 December 2020 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 | 5-10 years |

## 11. INVESTMENT IN ASSOCIATES

On 31 December 2020 ICT Group N.V. has three associates: a 20% participation in LogicNets Inc., a 20% participation in SpringRivet Holding B.V. and a 15.38% participation in Greenflux Assets B.V. (2019: 14.67% participation in Greenflux Assets B.V.).

In 2020 ICT's stake in GreenFlux has increased from 14.67% to 15.38% as the number of shares held by GreenFlux's STAK was not properly communicated in the second investment round. This resulted in a profit on dilution of € 28 thousand.

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

| | | | | **2020** | | | 2019 |
|---|---|---|---|---|---|---|---|
| (x € 1,000) | **LogicNets Inc.** | **GreenFlux Assets B.V.** | **SpringRivet Holding B.V.** | **Total** | LogicNets Inc. | Greenflux Assets B.V. | Total |
| **As at 1 January** | **-** | **912** | **-** | **912** | **-** | **1,159** | **1,159** |
| **Additions** | | | | | | | |
| Profit on dilution | - | 28 | - | 28 | - | 679 | 679 |
| | **-** | **28** | **-** | **28** | **-** | **679** | **679** |
| Share in the profit (loss) | - | 103 | 28 | 131 | - | (901) | (901) |
| **Result from associates** | **-** | **103** | **28** | **131** | **-** | **(901)** | **(901)** |
| **Decrease** | | | | | | | |
| Intercompany profit eliminations | - | 20 | - | 20 | - | (25) | (25) |
| **As at 31 December** | **-** | **1,063** | **28** | **1,091** | **-** | **912** | **912** |

## 12. 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:

| | | | **2020** | | | 2019 |
|---|---|---|---|---|---|---|
| (x € 1,000) | **Deferred tax assets** | **Deferred tax liabilities** | **Total** | Deferred tax assets | Deferred tax liabilities | Total |
| **Balance as at 1 January** | **373** | **(3,912)** | **(3,539)** | **266** | **(3,583)** | **(3,317)** |
| **Charged to the balance sheet:** | | | | | | |
| Intangible fixed assets - Software | - | - | - | - | (237) | (237) |
| Intangible fixed assets - Customer relations | - | - | - | - | (1,055) | (1,055) |
| Intangible fixed assets - Order backlog | - | (80) | (80) | - | (227) | (227) |
| Intangible fixed assets - Other intangibles | - | - | - | - | (152) | (152) |
| **Subtotal** | **-** | **(80)** | **(80)** | **-** | **(1,671)** | **(1,671)** |
| **Gain / (loss) charged to the income statement:** | | | | | | |
| Intangible fixed assets - Software | - | 196 | 196 | - | 163 | 163 |
| Intangible fixed assets - Customer relations | - | 462 | 462 | - | 573 | 573 |
| Intangible fixed assets - Order backlog | - | 103 | 103 | - | 181 | 181 |
| Intangible fixed assets - Other intangibles | - | 77 | 77 | - | 75 | 75 |
| Change in tax percentage | - | (416) | (416) | - | 350 | 350 |
| Other | 255 | (29) | 226 | 107 | - | 107 |
| **Subtotal** | **255** | **393** | **648** | **107** | **1,342** | **1,449** |
| **Balance as at 31 December** | **628** | **(3,599)** | **(2,971)** | **373** | **(3,912)** | **(3,539)** |

### 2020

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 2020 is related to the acquired intangible assets of Esprit Management & IT Services B.V.

### 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 2018 is related to the acquired intangible assets of NedMobiel and InTraffic 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)** |

From the deferred tax liabilities the non-current portion amounts to € 2,720 thousand as at 31 December 2020 (31 December 2019: € 2,983 thousand).

## 13. OTHER FINANCIAL ASSETS

The other financial assets as at 31 December 2020 amount to € 931 thousand (2019: € 1,590 thousand). The financial assets consists for € 300 thousand of cash in an escrow account held for the deferred acquisition consideration liability to Proficium, for € 321 thousand in a convertible loan to GreenFlux and a loan to SpringRivet for € 150 thousand. The cash in escrow account held for the deferred acquisition consideration liability to Proficium and the convertible loan to GreenFlux have both a maturity of less than one year.

## 14. TRADE AND OTHER RECEIVABLES

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

| (x € 1,000) | **2020** | 2019 |
|---|---|---|
| Trade receivables (gross) | 24,843 | 23,672 |
| Less: provision for doubtful receivables | (541) | (160) |
| Trade receivables (net) | 24,302 | 23,512 |
| Receivables from affiliated companies | 214 | 264 |
| Revenue to be invoiced | 11,134 | 12,123 |
| Other receivables | 1,680 | 1,474 |
| Prepayments and accrued income | 1,711 | 1,709 |
| **Balance as at 31 December** | **39,041** | **39,354** |

Prepayments and accrued income include € 120 thousand > 1 year (2019 € 74 thousand > 1 year).

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

| (x € 1,000) | **2020** | 2019 |
|---|---|---|
| **Balance as at 1 January** | **160** | **325** |
| Arising on acquisition | - | 69 |
| Additions | 442 | 256 |
| Reversed unused | (49) | (220) |
| Utilised | (15) | (268) |
| Disposals | 3 | (2) |
| **Balance as at 31 December** | **541** | **160** |

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 | 61-90 days past due | 91-120 days past due | More than 120 days past due |
|---|---|---|---|---|---|---|---|
| **2020** | | | | | | | |
| • Trade receivables | 24,302 | 19,708 | 2,893 | 936 | 578 | 108 | 79 |
| • Receivables from affiliated companies | 214 | 108 | - | - | - | - | 106 |
| • Revenue to be invoiced | 11,134 | 11,134 | - | - | - | - | - |
| • Other receivables | 1,680 | 1,680 | - | - | - | - | - |
| **Total** | **37,330** | **32,630** | **2,893** | **936** | **578** | **108** | **185** |
| **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 | - | - | - | - | - |
| • Other receivables | 1,746 | 1,746 | - | - | - | - | - |
| **Total** | **37,645** | **32,175** | **2,812** | **1,290** | **661** | **246** | **461** |

At 31 December 2020 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) is 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., ICT Healthcare Technology Solutions B.V., InTraffic B.V., Additude AB, Strypes Ltd. and INNOCY 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 65 days in 2020 (2019: 70 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:

| | | | **2020** | | | 2019 |
|---|---|---|---|---|---|---|
| (x € 1,000) | **Revenue recognized to date** | **Billings issued** | **Total work in progress** | Revenue recognized to date | Billings issued | Total work in progress |
| **Net project balances can be split as follows:** | | | | | | |
| Projects with (net) positive balances | 19,424 | (8,290) | 11,134 | 20,603 | (8,480) | 12,123 |
| Projects with (net) negative balances | 8,357 | (11,251) | (2,894) | 268 | (2,205) | (1,937) |
| **Total** | **27,781** | **(19,541)** | **8,240** | **20,871** | **(10,685)** | **10,186** |

### 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) | **2020** | 2019 |
|---|---|---|
| Aggregate amount of the transaction price allocated to long-term software projects that are partially or fully not realised as at 31 December | 15,680 | 17,289 |

Management expects that 45% will be recognised in the 2021 financial year (2019: 33% in the 2020 financial year). The remaining 55% will be recognised in next reporting periods starting from 1 January 2022. 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 2020** | 31 December 2019 |
|---|---|---|
| Revenue recognised that was included in the contract liability balance at the beginning of the period | 2,543 | 394 |

## 15. CASH AND CASH EQUIVALENTS

The cash and cash equivalents are at free disposal of the Company except for the cash on the blocked bank accounts of € 392 thousand (2018: € 345 thousand). The cash and cash equivalents consist of bank balances bearing interest in line with market interest rates.
As at 31 December 2020 and 31 December 2019 bank overdrafts amount to nil. Cash and cash equivalents are measured at nominal value.

## 16. SHAREHOLDERS' EQUITY

| | | Issued share capital (x € 1,000) | | |
|---|---|---|---|---|
| Issued share capital | Number of shares | Ordinary shares | Share premium | Total |
| **At 1 January 2019** | **9,463,878** | **946** | **14,204** | **15,150** |
| • Shares issued at 5 June 2019 stock dividend | 101,132 | 10 | (10) | - |
| **At 31 December 2019** | **9,565,010** | **956** | **14,194** | **15,150** |
| **At 1 January 2020** | **9,565,010** | **956** | **14,194** | **15,150** |
| • Shares issued at 11 September 2020 | 132,096 | 13 | 984 | 997 |
| **At 31 December 2020** | **9,697,106** | **969** | **15,178** | **16,147** |

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

2020

At 31 December 2020 the number of outstanding and fully paid-up ordinary shares amounted to 9,697,106. On 11 September 2020 ICT Group N.V. issued 132,096 new shares related to the employee share participation plan and the LTIP key management personnel benefit plan.
As at 31 December 2020 there are no ordinary shares outstanding which are not fully paid up.

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.

### Preference shares

No cumulative preference shares had been issued as at year end 2020 and 2019.

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 2020 the share premium reserve has increased by € 984,000 related to the issuance of new shares. In 2019 the share premium reserve decreased by € 10,000 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 2019** | **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) | - |
| • Profit transfer to retained earnings | - | | (69) | (69) |
| **At 31 December 2019** | **1,174** | **11.25** | **13** | **(20)** |
| **At 1 January 2020** | **1,174** | **11.25** | **13** | **(20)** |
| • Purchased treasury shares in 2020 for the personnel share and key management plans | - | - | - | - |
| • Sold treasury shares in 2020 for the personnel share and key management plans | - | - | - | - |
| • (Profit / Loss) transfer to retained earnings | - | - | - | - |
| **At 31 December 2020** | **1,174** | **11.25** | **13** | **(20)** |

On 31 December 2020 ICT owned 1,174 treasury shares (31 December 2019: 1,174). The average rate of the owned treasury shares per 31 December 2020 was € 11.25 (2019: € 11.25). The result on the sold treasury shares is transferred to the retained earnings.

### Retained earnings
The retained earnings comprise 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. Of the 2020 addition € 80 thousand is related to Addidute Sweden (2019: € 4 thousand). The currency translation reserve is a legal reserve and cannot be distributed.

### Legal reserve
The legal reserve is related to capitalised product development expenses, capitalised software development expenses and undistributed profits of associates.

In 2020 the amount of € 0.7 million one-off accounting gains related to 2019 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.

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

A share-based compensation liability has been recognised for the estimated amount of € 482 thousand (2019: € 464 thousand), as shown in the following table:

| (x € 1,000) | 2020 | 2019 |
|---|---|---|
| LTIP Key management personnel | 187 | 335 |
| LTIP Employee equity participation plan | 172 | 147 |
| **Total** | **359** | **482** |

### 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 the 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 negative € 202 thousand (2019: negative € 77 thousand).

In 2020 no payment is made to key management related to the long-term key management employee benefit plan (2019: nil).

**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 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 2020 is determined based on the share price as at 31 December 2020 of € 10.70 (31 December 2019: € 11.40).

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 | **2020** | 2019 |
|---|---|---|
| **Balance 1 January** | **242,716** | **122,082** |
| Conversion shares key management | 30,438 | 81,344 |
| Purchased shares by employees during the year | 114,310 | 56,144 |
| Sold shares by employees during the year | (11.615) | (16,854) |
| **Balance 31 December** | **375,849** | **242,716** |

As at 31 December 2020, 375,849 shares are held by the STAK (31 December 2019: 242,716 shares). The estimated cash bonus for the unsettled tranches is expensed over the vesting period, which results in a liability of € 172 thousand as at 31 December 2020 (31 December 2019: € 147 thousand). The total expense for the equity participation plan amounts to € 196 thousand (2019: € 167 thousand), of which € 135 thousand relates to the discount on the shares purchased by employees during the year (2019: € 64 thousand).

In 2020, cash bonuses were paid to participating employees for the second tranche from 2019 for an amount of € 54 thousand. In 2019, cash bonuses were paid to participating employees for the first tranche from 2018 for an amount of € 92 thousand.

## 18. LOANS

At year-end 2020 the Company had called on the acquisition facility (facility B) for the amount of € 16,694 thousand (2019: € 19,963 thousand). Drawings under the acquisition facility (facility B) are repayable in four years, in quarterly instalments. As at 31 December 2020 the last instalment will be in the second quarter of 2024. 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 € 5,688 thousand (2019: € 6,540 thousand) has been presented as short-term loans under current liabilities and an amount of € 11,006 thousand (2019: € 13,423 thousand) has been presented as long-term loans.

At year-end 2020: all loans carry a variable interest rate of 1 month EURIBOR + 1.50%.

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

For further details on the credit facilities see to notes 6 and 31.

The carrying amount of these loans equals the fair value.

### Net debt reconciliation

The net debt position as at 31 December 2020 amounts to negative € 3,573 thousand (31 December 2019: negative € 14,194 thousand). 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 2020** | **5,769** | **-** | **(13,423)** | **(6,540)** | **(14,194)** |
| Cash flows | 7,352 | - | 2,417 | 852 | 10,621 |
| **Net debt as at 31 December 2020** | **13,121** | **-** | **(11,006)** | **(5,688)** | **(3,573)** |

## 19. DEFERRED ACQUISITION CONSIDERATION

With regard to the 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:

- 11.45% of the shares, to be completed on 1 March 2022 for the discounted estimated amount on acquisition date of € 1,143 thousand; and
- 18% of the shares, to be completed on 1 March 2023 for the discounted estimated amount on acquisition date of € 2,690 thousand.

The deferred contingent acquisition consideration related to Kodar of € 251 thousand will be payable in 2 tranches in May 2021 and 2022 depending on the number of FTE's as per year-end 2020 and 2021. As at 31 December 2020 € 72 thousand is payable in 2021.

With regard to Esprit a deferred contingent acquisition of € 375 thousand will be payable in 3 tranches in 2022 until 2024 depending on the net revenues and EBITDA's over 2021 until 2023.

## 20. CURRENT LIABILITIES

The current liabilities are generally paid entirely within the payment period of 0 to 45 days. The short term loans, lease liabilities 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) | **2020** | 2019 |
|---|---|---|
| Trade payables | 4,795 | 5,837 |
| Corporate income tax payable | 173 | 86 |
| Other taxes and social security liabilities | 9,279 | 8,996 |
| Loans short term | 5,688 | 6,540 |
| Deferred acquisition consideration | 354 | 747 |
| Deferred income and progress billings | 3,247 | 1,937 |
| Other accruals | 604 | 593 |
| Lease liabilities (short-term) | 5,078 | 4,617 |
| Other liabilities | 13,034 | 10,609 |
| **Total** | **42,252** | **39,962** |

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 14.

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

## 21. 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 as from 1 January 2019 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, Sweden and Improve Quality Services B.V. should be presented as separate segments. The other individual entities OrangeNXT B.V., ICT Motar B.V., CIS Solutions GmbH, BNV Mobility (until 1 January 2020), Raster Products B.V. (until 30 April 2019), Esprit Management & IT Services B.V., Additude B.V. and ICT Belgium BV., which were recognised as operating segments, do not meet these thresholds and therefore are presented aggregated as 'Other'.

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

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

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

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

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

## 2020

The composition of revenue, gross profit and operating profit 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 | 38,407 | 30,382 | 33,005 | 2,246 | 18,101 | 15,982 | 10,364 | (8,793) | 139,694 |
| Revenue from solutions / products | 1,959 | 3,691 | 5,336 | 5,626 | 332 | 562 | 3,194 | (377) | 20,323 |
| **Subtotal** | **40,366** | **34,073** | **38,341** | **7,872** | **18,433** | **16,544** | **13,558** | **(9,170)** | **160,017** |
| Inter-segment | 870 | 1,405 | 293 | 4 | - | - | 605 | (3,177) | - |
| **Total revenue** | **41,236** | **35,478** | **38,634** | **7,876** | **18,433** | **16,544** | **14,163** | **(12,347)** | **160,017** |
| Operating expenses directly attributable to the operating segments | 26,327 | 23,591 | 25,579 | 5,634 | 11,948 | 14,153 | 12,861 | (12.347) | 107,746 |
| **Segment Gross profit** | **14,909** | **11,887** | **13,055** | **2,242** | **6,485** | **2,391** | **1,302** | **-** | **52,271** |
| Allocated operating expenses | 7,158 | 6,456 | 7,313 | 2,705 | 2,174 | 1,870 | 5,403 | - | 33,079 |
| **Operating profit before amortisation and depreciation** | **7,751** | **5,431** | **5.742** | **(463)** | **4,311** | **521** | **(4,101)** | - | **19,192** |
| Allocated amortisation and depreciation | 914 | 1,531 | 3,544 | 1,251 | 616 | 607 | 4,045 | **-** | 12,508 |
| **Operating profit** | **6,837** | **3,900** | **2,198** | **(1,714)** | **3,695** | **(86)** | **(8,146)** | - | **6,684** |
| Financial expenses | | | | | | | | | (868) |
| Financial income | | | | | | | | | 70 |
| Result from associates | | | | | | | | | 159 |
| **Profit before taxation** | | | | | | | | | **6,045** |
| Taxes | | | | | | | | | (1,690) |
| **Net profit** | | | | | | | | | **4,355** |
| **Segment Assets** | 22,139 | 19,514 | 30,010 | 5,470 | 10,519 | 8,834 | 72,741 | (38,206) | **131,021** |
| **Segment Liabilities** | 13,529 | 11,301 | 13,880 | 2,805 | 4,089 | 4,597 | 31,843 | (10.693) | **71,351** |
| **Other notes** | | | | | | | | | |
| Operating profit before amortisation and depreciation / total revenue | 18.8% | 15.3% | 14.9% | -5.9% | 23.4% | 3.1% | -37.3% | | **12.0%** |
| Average number of employees (FTE) | 314 | 252 | 257 | 58 | 297 | 74 | 184 | | **1,436** |

## 2019

The composition of revenue, gross profit and operating profit 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** |

### Disaggregated revenue from contracts with customers

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** | **2020** | 2019 | **2020** | 2019 | **2020** | 2019 | **2020** | 2019 |
| Secondment | 49,380 | 58,420 | 4,184 | 3,488 | (4,000) | (10,500) | 49,564 | 51,408 |
| Projects | 82,929 | 75,483 | 5,653 | 5,197 | (4,614) | (3,157) | 83,968 | 76,392 |
| Recurring | 10,694 | 10,577 | - | 458 | (177) | (14) | 10,517 | 13,401 |
| Product sales | 2,740 | 3,092 | - | 490 | - | - | 2,740 | 3,582 |
| Other | 9,886 | 9,160 | 3,721 | 2,823 | (379) | (48) | 13,228 | 10,686 |
| | **155,629** | **156,732** | **13,558** | **12,456** | **(9,170)** | **(13,719)** | **160,017** | **155,469** |

## 22. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses can be specified as follows:

| (x € 1,000) | **2020** | 2019 |
|---|---|---|
| Salaries | 79,678 | 75,283 |
| Social security charges | 12,268 | 12,448 |
| Pension expenses | 3,660 | 3,581 |
| Share-based compensation | 51 | 174 |
| | **95,657** | **91,486** |

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) | 2020 | 2019 |
|---|---|---|
| Total pension contributions | 4,837 | 4,889 |
| Employee contributions | (1,177) | (1,308) |
| **Employer pension contributions** | **3,660** | **3,581** |

The average number of staff employed by ICT Group N.V. and its group companies in 2020, expressed in full time equivalents was 1,436 (2019: 1,346). Of these employees, 396 were employed outside the Netherlands (2019: 316).

## 23. REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD AND EXECUTIVE BOARD

The total remuneration for members of the Supervisory Board and the Executive Board in 2020 is as follows:

| | Fixed management fee | Short-term incentive | Long-term incentive *) | Total |
|---|---|---|---|---|
| **Members of the Supervisory Board** *****) | | | | |
| Th.J. van der Raadt (chairman) | 48,000 | - | - | 48,000 |
| D. Luthra **) | 18,850 | - | - | 18,850 |
| K. Beeckmans ***) | 29,250 | - | - | 29,250 |
| W.N. van de Bunt | 37,000 | - | - | 37,000 |
| A. de Vries-Schipperijn ***) | 37,000 | - | - | 37,000 |
| J. Niessen ****) | 12,700 | - | - | 12,700 |
| | 182,800 | - | - | 182,800 |
| **Members of the Executive Board** | | | | |
| J.H. Blejie | 413,065 | 213,799 | (116,380) | 510,484 |
| W.J. Wienbelt | 278,959 | 146,605 | (67,852) | 357,712 |
| | 692,024 | 360,404 | (184,232) | 868,196 |
| **Total** | **874,824** | **360,404** | **(184,232)** | **1,050,996** |

*) 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.
**) D. Luthra: until 24 June 2020.
***) K. Beeckmans: since 24 June 2020 (incl. introduction period since 1 April 2020).
****) J. Niessen: since 20 August 2020.
*****) The supervisory board fixed management fees are excluding a fixed allowance of EUR 2,500 for expenses for each supervisory board member.

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 negative € 184,232 in 2020 (2019: negative € 84,460). 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 2019 was as follows:

| | Fixed manage-ment 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 supervisory board fixed management fees are excluding a fixed allowance of EUR 2,500 for expenses for each supervisory board member.

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 2020** | Number held at 31 December 2019 |
|---|---|---|
| **Members of the Executive Board** | | |
| J. Blejie | 59,944 | 43,944 |
| W.J. Wienbelt | 40,295 | 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 2020 and 2019.

### Supervisory Board

The members of the Supervisory Board did not hold share options in 2020 and 2019.

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

## 24. OTHER OPERATING EXPENSES

The other operating expenses item can be specified as follows:

| (x € 1,000) | **2020** | 2019 |
|---|---|---|
| Car costs | 3,626 | 4,308 |
| IT costs | 2,737 | 2,490 |
| Advisory and other professional services fees | 3,275 | 2,590 |
| Accommodation expenses | 1,621 | 1,416 |
| Other personnel costs *) | 5,051 | 7,099 |
| Other expenses | 3,409 | 3,008 |
| | **19,719** | **20,911** |

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

Other expenses in 2020 include € 99 thousand related to the research of potential strategic combinations and to the acquisition of Yellow Star (2019: € 657 thousand related to the research of potential strategic combinations and to the acquisition of Additude, BNV, Kodar and Proficium).

## 25. FINANCIAL INCOME AND EXPENSES

The financial expenses comprise bank costs, interest on lease liabilities and interest on loans. The 2020 financial expenses also include an amount of € 97 thousand for interest on the deferred acquisition consideration, mainly relating to Additude and Proficium (2019 financial expenses also include an amount of € 448 thousand for interest on the deferred acquisition consideration, mainly relating to Additude and IHTS). The financial income comprised received bank interest, interest from the loans to associates.

## 26. ONE-OFF ACCOUNTING GAINS

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

| (x € 1,000) | **2020** | 2019 |
|---|---|---|
| Profit on dilution of GreenFlux (note 11) | - | 679 |
| | **-** | **679** |

## 27. INCOME TAX EXPENSES

| (x € 1,000) | 2020 | 2019 |
|---|---|---|
| Current tax | 2,350 | 2,394 |
| Deferred tax | (660) | (1,363) |
| **Total tax expense (credit)** | **1,690** | **1,031** |

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

| (x € 1,000) | 2020 | | 2019 | |
|---|---|---|---|---|
| Result before taxation | 6,045 | | 3,702 | |
| Income tax based on prevailing rate, in the Netherlands 25.0% (2019: 25.0%) | 1,511 | | 926 | 25.0% |
| **Permanent differences:** | | | | |
| Effect of tax rates in foreign regimes | (503) | -8.3% | (408) | -11.0% |
| Effect of non-deductible expenses | 355 | 5.9% | 252 | 6.8% |
| Effect of result from joint ventures and associates | (70) | -1.2% | 59 | 1.6% |
| Effect of non-taxable income | (29) | -0.5% | 41 | 1.1% |
| Effect of change in tax percentages | 416 | 6.9% | (287) | -7.8% |
| Unrecognised carry-forward tax losses | 128 | 2.1% | 448 | 12.1% |
| Recognised carry-forward losses | (118) | -1.9% | - | 0.0% |
| **Income tax expense / Average effective tax rate** | **1,690** | **28.0%** | **1,031** | **27.8%** |

The effect of taxes in foreign regimes reflect the impact of different nominal tax rates in the fiscal jurisdictions in which ICT operates. In 2020 and in 2019 the nominal corporate tax rate in Bulgaria amounted to 10%, in France to 31%, in Germany to 30%, in Belgium to 25% and in Sweden to 21.45%.

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.

In 2020 income tax expense includes an amount of € 837 thousand with respect to the 2020 amortisation on the intangible assets relating to the acquisition of Additude AB, Raster, ICT HCTS, Nozhup, HTS, NedMobiel, InTraffic, BNV, Proficium and Esprit.

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, BNV, Additude and Proficium.

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., Additude B.V. and ICT Participations 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.

## 28. EARNINGS PER SHARE

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

| | 2020 | 2019 |
|---|---|---|
| Weighted average number of outstanding ordinary shares | 9,605,905 | 9,521,946 |
| **Earnings per share:** | | |
| Net profit attributable to shareholders in € | 4,151,000 | 2,618,000 |
| Basic earnings per share in € | 0.43 | 0.27 |

As per 31 December 2020 and 31 December 2019 there are no dilution effects.

## 29. INDEPENDENT AUDITOR'S FEES

| (x € 1,000) | **2020** PricewaterhouseCoopers | **2020** PricewaterhouseCoopers Network | **2020** Total | 2019 PricewaterhouseCoopers | 2019 PricewaterhouseCoopers Network | 2019 Total |
|---|---|---|---|---|---|---|
| Audit of the financial statements | 324 | 49 | 373 | 324 | 37 | 361 |
| Other audit services | - | - | - | - | - | - |
| Tax advisory services | - | - | - | - | - | - |
| Other non-audit services | - | - | - | - | - | - |
| **Total** | **324** | **49** | **373** | **324** | **37** | **361** |

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 excluding out of pocket expenses as referred to in article 1(1) of the Dutch Accounting Firms Oversight Act (Dutch abbreviation: Wta). The audit fees are expensed in the statement of comprehensive income in the period to which the audit relates opposed to the period in which the audit procedures are performed. With regard to the 2019 audit of the financial statements additional costs of € 50 thousand are recognized which were invoiced in 2020. These additional costs are disclosed in the 2019 audit fee disclosure.

## 30. 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) | **2020** | 2019 |
|---|---|---|
| Salaries, fees and other short-term employee benefits | 1,086 | 1,069 |
| Bonus | 430 | 267 |
| Post-employment benefits | 6 | 8 |
| Share-based compensation | (202) | (77) |
| **Total** | **1,320** | **1,267** |

### Other related party transactions

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

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

- Stichting Administratiekantoor Participatieplan ICT *);
- Stichting Administratiekantoor ICT **);
- Stichting Continuïteit ICT.

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

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

The transactions between entities of the ICT Group on a 100% basis with LogicNets Inc., SpringRivet Holding B.V. and Greenflux Assets B.V. during the year can be specified as follows:

| (x € 1,000) | **2020** | 2019 |
|---|---|---|
| Sales to associates | 901 | 2,037 |
| Purchases from associates | 112 | - |
| Receivables from associates | 214 | 264 |
| Loans (net) to associates *) | 471 | - |
| Payables to associates | 52 | 16 |

*) The loans (net) to related parties represent the loans to Greenflux and SpringRivet.

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

## 31. COMMITMENTS AND CONTINGENCIES NOT DISCLOSED IN THE BALANCE SHEET

### Credit facility

In 2020 ICT extended its credit facilities from € 40.0 million to € 50.0 million in total. The working capital credit facility (facility A) is € 12.5 million (2019: € 12.5 million) and the acquisition credit facility (facility B) € 35.0 million (2019: € 25.0 million). The guarantee facility is unchanged € 2.5 million.

At year-end 2020 ICT had called on the acquisition facility (facility B) for the amount of € 16.7 million (31 December 2019: € 20.0 million) and had not used the working capital credit facility (facility A).

The covenant requirements include a Senior Net Debt to EBITDA ratio (max. 3.5), an asset cover test, a revenue cover test and a clean down period of three consecutive business days per year. In 2020 and as per 31 December 2020, the Company complied with all quarterly and annual bank covenant requirements.

### Guarantees

At the balance sheet date, outstanding guarantees amounted to € 1.3 million (2019: € 1.4 million). These guarantees were provided in connection with current rental and client commitments.

### Rental, lease and other commitments

For 2020 and 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.

| (x € 1,000) | **2020** | 2019 |
|---|---|---|
| Less than 1 year | 380 | 427 |
| More than 1 year and less than 5 years | 873 | 772 |
| More than 5 years | 79 | 169 |
| **Total** | **1,332** | **1,368** |

### Car lease

For 2020 and 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.

| (x € 1,000) | **2020** | 2019 |
|---|---|---|
| Less than 1 year | 1,783 | 1,755 |
| More than 1 year and less than 5 years | 2,284 | 2,144 |
| More than 5 years | - | - |
| **Total** | **4,067** | **3,899** |

### Other commitments

| (x € 1,000) | **2020** | 2019 |
|---|---|---|
| Less than 1 year | 343 | 99 |
| More than 1 year and less than 5 years | 488 | 141 |
| More than 5 years | - | - |
| **Total** | **831** | **240** |

The other commitments relates to primarily to IT related hardware.

### 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 2020:

- ICT Netherlands B.V.
- Improve Quality Services B.V.
- ICT Nearshoring B.V.
- INNOCY B.V.
- OrangeNXT B.V.
- InTraffic B.V.
- ICT Healthcare Technology Solutions B.V.
- ICT Indusoft B.V.
- TURNN B.V.
- Esprit Management & IT Services B.V.

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

## 32. SUBSEQUENT EVENTS

In December 2020, ICT announced the acquisition of Yellowstar, a Dutch web-based solutions provider, offering real-time insight, access and control in supply chains. The company is active in the same geographical markets as ICT and strengthens ICT's position in the industrial, trade, retail and logistics markets. The company employs approximately 80 people and reports annual turnover of approximately € 8.0 million. The transaction was completed in the beginning of January 2021.

On 5 March 2021 ICT and a Consortium, led by NPM, will announce that a conditional agreement was reached on a recommended all-cash public offer for all of the issued and outstanding ordinary shares in ICT Group.

# Company financial Statements 2020

# COMPANY BALANCE SHEET

As at 31 December (before proposed profit appropriation)

| (x € 1,000) | Note | 2020 | 2020 | 2019 | 2019 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Property, plant and equipment | | 15 | | - | |
| Right-of-use assets | 2 | 588 | | 966 | |
| Goodwill | 3 | 37,153 | | 36,513 | |
| Financial assets | 4 | 48,147 | | 47,365 | |
| Deferred tax assets | | 228 | | 121 | |
| Other financial assets | | 647 | | 3,575 | |
| | | | 86,778 | | 88,540 |
| CURRENT ASSETS | | | | | |
| Trade and other receivables | 5 | 1,548 | | 2,218 | |
| Corporate income tax receivable | | 248 | | 692 | |
| Cash and cash equivalents | | 1,117 | | 153 | |
| | | | 2,913 | | 3,063 |
| **TOTAL ASSETS** | | | **89,691** | | **91,603** |

| (x € 1,000) | Note | 2020 | 2020 | 2019 | 2019 |
|---|---|---|---|---|---|
| **Equity and liabilities** | | | | | |
| SHAREHOLDERS' EQUITY | 6 | | | | |
| Issued share capital | | 969 | | 956 | |
| Share premium | | 15,178 | | 14,194 | |
| Currency translation reserve | | 171 | | 91 | |
| Legal reserve | | 8,905 | | 7,371 | |
| Treasury shares | | (13) | | (13) | |
| Retained earnings | | 29,590 | | 28,767 | |
| Net profit | | 4,151 | | 2,618 | |
| | | | 58,951 | | 53,984 |
| NON-CURRENT LIABILITIES | 7 | | | | |
| Share-based compensation and long-term employee benefits liabilities | | 359 | | 482 | |
| Loans (long-term) | | 11,006 | | 13,423 | |
| Deferred acquisition consideration (long-term) | | 3,495 | | 3,350 | |
| Lease liabilities (long-term) | 2 | 141 | | 484 | |
| | | | 15,001 | | 17,739 |
| CURRENT LIABILITIES | | | | | |
| Trade payables | | 758 | | 931 | |
| Payables to group companies | | 6,127 | | 5,420 | |
| Other taxes and social security premiums | | 40 | | 39 | |
| Loans (short-term) | | 5,687 | | 6,540 | |
| Deferred acquisition consideration (short-term) | | 300 | | 586 | |
| Bank overdrafts | | - | | 4,811 | |
| Lease liabilities (short-term) | 2 | 401 | | 464 | |
| Other current liabilities | | 2,426 | | 1,089 | |
| | | | 15,739 | | 19,880 |
| **TOTAL EQUITY AND LIABILITIES** | | | **89,691** | | **91,603** |

# COMPANY INCOME STATEMENT

For the year ended 31 December

| (x € 1,000) | Note | 2020 | 2019 |
|---|---|---|---|
| **Revenue** | 8 | **671** | **983** |
| Employee benefit expenses | 9 | 2,214 | 2,080 |
| Depreciation and amortisation | 2 | 432 | 438 |
| Other operating expenses | 10 | 3,393 | 2,124 |
| Total operating expenses | | **6,039** | **4,642** |
| **Operating profit** | | **(5,368)** | **(3,659)** |
| Financial expenses | 11 | (606) | (866) |
| Financial income | 11 | 54 | 91 |
| Result from subsidiaries | 4 | 8,795 | 6,498 |
| Result from associates | 4 | 131 | (901) |
| One-off accounting gains | 12 | - | 678 |
| **Result before taxes** | | **3,006** | **1,841** |
| Income tax credit | 13 | 1,145 | 777 |
| **Net profit** | | **4,151** | **2,618** |

# 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 initially recognized at cost and subsequently recognized 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 LEASES 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 at 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 leases typically run for a period between 3 and 5 years. The car leases 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** | | | **2020** |
|---|---|---|---|
| (x € 1,000) | **Properties** | **Lease cars** | **Total** |
| **1 January** | **913** | **53** | **966** |
| Additions to right-of-use assets | 4 | 52 | 56 |
| Depreciation charge for the year | (407) | (25) | (432) |
| Derecognition of right-of-use assets | - | (2) | (2) |
| **31 December** | **510** | **78** | **588** |
| **Net book value 1 January** | **913** | **53** | **966** |
| **Net book value 31 December** | **510** | **78** | **588** |

| **Right-of-use assets** | | | 2019 |
|---|---|---|---|
| (x € 1,000) | Properties | Lease cars | Total |
| **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) |
| **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** | **31 December** | 31 December |
|---|---|---|
| (x € 1,000) | **2020** | 2019 |
| Non-current liabilities | 141 | 484 |
| Current liabilities | 401 | 464 |
| **Total lease liabilities** | **542** | **948** |

| **Amounts recognized in profit or loss** | **2020** | 2019 |
|---|---|---|
| (x € 1,000) | | |
| **Leases under IFRS 16** | | |
| Interest on lease liabilities | 6 | 10 |
| Expenses related to short-term leases | - | - |
| Expenses related to low value assets, excluding short-term leases | - | - |

### 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 that 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) | **2020** | 2019 |
|---|---|---|
| **At 1 January** | | |
| Cost | 42,593 | 34,667 |
| Accumulated impairment | (6,080) | (6,080) |
| **Net book value** | **36,513** | **28,587** |
| **Movement in cost** | | |
| Arising on acquisition | 640 | 8,403 |
| Divestment | - | (477) |
| | **640** | **7,926** |
| **Impairment losses** | | |
| Impairment | - | - |
| | **-** | **-** |
| **At 31 December** | | |
| Cost | 43,233 | 42,593 |
| Accumulated impairment | (6,080) | (6,080) |
| **Net book value** | **37,153** | **36,513** |

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

| (x € 1,000) | **2020** | 2019 |
|---|---|---|
| Engineering R&D | 3,517 | 3,517 |
| Industrial Automation | 10,330 | 10,330 |
| Infra / Mobility | 11,082 | 11,082 |
| Healthcare Technology Solutions | 2,241 | 2,241 |
| Bulgaria | 1,009 | 1,009 |
| Sweden | 5,732 | 5,732 |
| Other | 3,242 | 2,602 |
| **Total** | **37,153** | **36,513** |

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) | **2020** | 2019 |
|---|---|---|
| **Movement in financial assets** | | |
| **Balance as at 1 January** | **47,365** | **49,081** |
| Share in result from subsidiaries, joint ventures and associates | 8,926 | 5,597 |
| Dividend received | (13,550) | (17,527) |
| Additions | 5,326 | 9,741 |
| Divested | - | 477 |
| Exchange rate differences | 80 | (4) |
| **Balance as at 31 December** | **48,147** | **47,365** |

For the list of participations, see note 2 of the consolidated financial statements.

## 5. TRADE AND OTHER RECEIVABLES

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

| (x € 1,000) | **2020** | 2019 |
|---|---|---|
| Receivables from group companies | 733 | 1,431 |
| Other receivables | 359 | 163 |
| Prepayments and accrued income | 456 | 570 |
| **Balance as at 31 December** | **1,548** | **2,218** |

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 2020, the board consisted of the following members: Mr. H.J.A. Knijff (chairman), Mr. R. ter Haar, Mr. R. Munsters and Mr. J.C.M. Schönfeld.

### Proposed profit appropriation

ICT proposes a dividend of € 0.40 per share for the 2020 financial year (2019: € 0.00). The dividend payment is subject to the approval of the Annual General Meeting of Shareholders (AGM) to be held on 12 May 2021. For the calculation of the proposed dividend, the realised net profit is adjusted for the non-cash amortisation amounts. This results in an adjusted net profit for the full year 2020 of € 9.7 million. The proposed dividend represents a pay-out ratio of 40% of the adjusted net profit.

The dividend will be payable in cash on 3 June 2021.

## 7. NON-CURRENT LIABILITIES

For share-based compensation liabilities and loans see note 17 and 18 of the consolidated financial statements. For the deferred acquisition consideration see note 19of 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) | **2020** | 2019 |
|---|---|---|
| Supervisory Board | 183 | 177 |
| Executive Board | 1,052 | 893 |
| Share-based compensation key management personnel | (148) | 7 |
| *Other staff costs:* | | |
| Salaries | 779 | 750 |
| Social security contributions | 60 | 61 |
| Pension contributions | 92 | 25 |
| Costs of employee equity participation | 196 | 167 |
| | **2,214** | **2,080** |

| **FTEs** | **2020** | 2019 |
|---|---|---|
| Average number of staff | 8 | 8 |

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) | **2020** | 2019 |
|---|---|---|
| Car and travel expenses | 84 | 25 |
| Other expenses | 3,309 | 2,099 |
| | **3,393** | **2,124** |

Other expenses in 2020 include € 99 thousand related to the research of potential strategic combinations and to the acquisition of Esprit (2019: € 619 thousand related to the research of potential strategic combinations and to the acquisition of Additude, BNV and Proficium).

## 11. FINANCIAL INCOME AND EXPENSES

The financial expenses comprise bank costs and interest on loans. The 2020 financial expenses also include an amount of € 97 thousand for interest on the deferred acquisition consideration, mainly relating to Additude and Proficium (2019: € 448 thousand for interest on the deferred acquisition consideration mainly relating to Additude and IHTS). The financial income comprised received bank interest and interest from the loans to associates.

## 12. ONE-OFF ACCOUNTING GAINS

For the one-off accounting gains, see note 26 of the consolidated financial statements.

## 13. INCOME TAX EXPENSES

| (x € 1,000) | **2020** | 2019 |
|---|---|---|
| Current tax | (1,045) | (777) |
| Deferred tax | (100) | - |
| **Total tax credit** | **(1,145)** | **(777)** |

| (x € 1,000) | **2020** | | 2019 | |
|---|---|---|---|---|
| Result before taxation | 3,006 | | 1,841 | |
| Income tax based on prevailing rate, in the Netherlands 25.0% (2019: 25.0%) | 752 | 25.0% | 460 | 25.0% |
| *Permanent differences* | | | | |
| Effect of non-deductible expenses | 350 | 11.6% | 475 | 25.8% |
| Effect of result from subsidiaries, joint ventures and associates | (2,648) | -88.1% | (1,399) | -76.0% |
| Effect of non-taxable income | (15) | -0.5% | (26) | -1.4% |
| Effect of change in tax percentages | 416 | 13.9% | (287) | -15.6% |
| **Income tax credit / Average effective tax rate** | **(1,145)** | **-38.1%** | **(777)** | **-42.2%** |

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

ICT Group N.V., together with its group companies in the Netherlands, but excluding ICT Motar B.V., ICT Participations B.V. and Additude 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 an independent return basis.

## 14. INDEPENDENT AUDITOR’S FEES

For the independent auditor’s fees, see note 29 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 23 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 € 405 thousand (2019: € 353 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., ICT Healthcare Technology Solutions B.V., InTraffic B.V., OrangeNXT B.V., Additude AB and Strypes Ltd. and INNOCY B.V. have pledged their current and future receivables from trading activities as collateral.

### Rental and lease commitments

For 2020 and 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**<br>(x € 1,000) | **2020** | 2019 |
|---|---|---|
| Less than 1 year | 80 | 96 |
| More than 1 year and less than 5 years | 26 | 98 |
| **Total** | **106** | **194** |

For 2020 and 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**<br>(x € 1,000) | **2020** | 2019 |
|---|---|---|
| Less than 1 year | 12 | 7 |
| More than 1 year and less than 5 years | 22 | 9 |
| **Total** | **34** | **16** |

### 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 2020:

- ICT Netherlands B.V.
- Improve Quality Services B.V.
- ICT Nearshoring B.V.
- INNOCY B.V.
- OrangeNXT B.V.
- InTraffic B.V.
- ICT Healthcare Technology Solutions B.V.
- ICT Indusoft B.V.
- TURNN B.V.
- Esprit Management & IT Services B.V.

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

In December 2020, ICT announced the acquisition of Yellowstar, a Dutch web-based solutions provider, offering real-time insight, access and control in supply chains. The company is active in the same geographical markets as ICT and strengthens ICT's position in the industrial, trade, retail and logistics markets. The company employs approximately 80 people and reports annual turnover of approximately € 8.0 million. The transaction was completed in the beginning of January 2021.

On 5 March 2021 ICT and a Consortium, led by NPM, will announce that a conditional agreement was reached on a recommended all-cash public offer for all of the issued and outstanding ordinary shares in ICT Group.

Rotterdam, 4 March 2021

**Executive Board**

*J.H. Blejie*
*W.J. Wienbelt*

**Supervisory Board**

*Th. J. van der Raadt (Chairman)*
*K. Beeckmans (Vice Chairman)*
*W.N. van de Bunt*
*A. de Vries-Schipperijn*
*J. Niessen*

# **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 2020 the board of directors of Stichting Continuïteit ICT consists of Mr. H.J.A. Knijff (chairman), Mr. J.C.M. Schönfeld, Mr. R. Munsters 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 2020

### Our opinion

In our opinion:

- the consolidated financial statements of ICT Group N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2020 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;
- the company financial statements of ICT Group N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2020 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 2020 of ICT Group N.V., Rotterdam. The financial statements include the consolidated financial statements of the Group and the Company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2020;
- the following statements for 2020: 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 2020;
- the Company income statement for the year then ended;
- the notes to the Company balance sheet and income statement, 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 accountants-organisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations 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 investments, which is driven by both revenue and results. As a result of the growth strategy and the Company's business activities, the results fluctuate. Revenue is therefore considered as the primary focus of the stakeholders. This determined our materiality calculation 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.

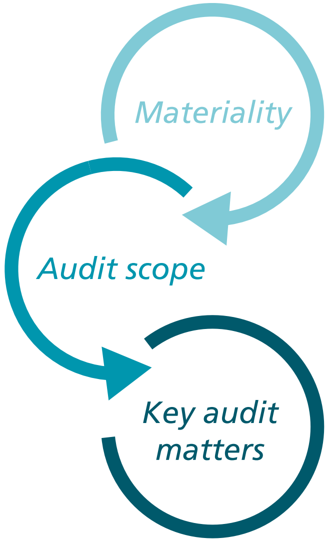
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the executive board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions 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. enters into projects with its clients through 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 indicate 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.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of an IT services provider.
We therefore included experts and specialists in the areas of IT and valuation amongst others in our team.

The outline of our audit approach was as follows:




Materiality
- Overall materiality: €1,600,000.

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 Bulgaria (Strypes EOOD).
- No site visits conducted this year because of travel restrictions.
- Audit coverage: 81% of consolidated revenue, 83% of consolidated total assets and 85% 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 | €1,600,000 (2019: €1,554,000). |
| Basis for determining materiality | We used our professional judgement to determine overall materiality. As a basis for our judgement we used 1% of revenues. |
| 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 would normally have a prominent focus on profit before tax. However, profit before tax is not considered an appropriate benchmark because this would 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 revenue 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 €500,000 and €1,595,000. |

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 €80,000 (2019: €75,000) as well as misstatements below that amount that, in our view, warrant 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.

We subjected five components to audit of the complete financial information. One of these components is individually financially significant to the Group. The other four components are selected for audit procedures to achieve appropriate coverage on financial line items in the consolidated financial statements.

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

- Revenue 81%
- Total assets 83%
- Profit before tax 85%

None of the remaining components represented more than 3% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The group engagement team performed the audit work for group entities ICT Group N.V. and ICT Netherlands B.V. For components InTraffic B.V, Additude AB and Strypes EOOD we used component auditors who are familiar with the local laws and regulations to perform the audit work.

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.

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk assessment, 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. We had individual calls with each of the audit teams of the components in scope during the year and upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters, which could be of relevance for the consolidated financial statements.

The group engagement team visits the component teams and local management on a rotational basis. In the current year, the group audit team did not visit any components due to travel restrictions as a result of the COVID-19 pandemic.

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 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 14<br>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, amounts to €11.1 million and represents 8% of the consolidated balance sheet total at 31 December 2020.<br><br>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.<br><br>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.<br><br>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 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.<br><br>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.<br><br>The internal controls over the assessment of the progress toward complete satisfaction of the performance obligation and the estimated cost to complete did not improve compared to prior 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.<br><br>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 the current financial year.<br><br>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 of over €1.1 million. These larger projects are, in our experience with such projects within the Company, more unique and complex and therefore, considered as the projects with the most significant estimates.<br><br>We also tested projects with revenue to be invoiced or a contract asset (or liability) related to fixed price projects exceeding €1.1 million as at 31 December 2020.<br><br>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.<br><br>With respect to loss-making contracts, we compared total estimated revenue with total estimated costs for all projects and considered the results of the look-back procedures 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.<br><br>We also tested the accuracy and completeness of costs incurred and verified whether the allocation to projects is accurate. |

| Key audit matter | How our audit addressed the matter |
|---|---|
| **Impairment assessment of goodwill and other intangible assets** | |
| Notes 9 and 10<br>The goodwill and other intangible assets amount to €38.1 million and €18.7 million, respectively, and represent 43% of the consolidated balance sheet total at 31 December 2020. 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, including the COVID-19 pandemic, that would trigger an impairment test. Hence, no impairment assessment has been conducted regarding other intangible assets.<br><br>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.<br><br>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.<br><br>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.<br><br>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 confirmed that they had identified all 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 its process for drawing up future cash flow forecasts, which was consistent with the multi-annual plan approved by the supervisory board. |

## 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 2020, message from the CEO, shareholder information, making the world a little smarter every day, members of the executive board report of the executive board, staying connected in a sustainable world, risk management and internal control, corporate governance, members of the supervisory board, 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 and the sections 2:135b and 2:145 subsection 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 and section 2:135b subsection 7 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 report of the executive board and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with the sections 2:135b and 2:145 subsection 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 24 June 2020 representing a total period of uninterrupted engagement appointment of four 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

The services, in addition to the audit, that we have provided to the Company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 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, 4 March 2021

PricewaterhouseCoopers Accountants N.V.

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

## APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2020 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 audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluding on the appropriateness of the executive board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the 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 actions taken to eliminate threats or safeguards applied.

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

| | **2020** | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| **Results (× € 1,000)** | | | | | |
| Revenue | 160,017 | 155,469 | 129,854 | 104,989 | 89,729 |
| EBITDA Pre-IFRS 16 | 13,619 | 11,727 | 13,474 | 11,998 | 10,296 |
| EBITDA Post-IFRS 16 | 19,192 | 16,526 | n.a. | n.a. | n.a. |
| Amortisation / depreciation / impairment | 12,508 | 11,582 | 4,950 | 3,559 | 2,924 |
| Operating profit | 6,684 | 4,944 | 8,524 | 8,439 | 7,372 |
| Net profit [1), 2)] | 4,151 | 2,618 | 9,391 | 5,226 | 5,006 |
| Net cash flow from operating activities | 19,744 | 14,430 | 11,112 | 7,914 | 5,058 |
| Dividend | 3,886 | 2,870 | 3,596 | 3,294 | 3,065 |
| **Assets (x € 1.000)** | | | | | |
| Non-current assets | 78,035 | 78,372 | 51,118 | 40,877 | 43,854 |
| Current assets | 52,986 | 46,038 | 44,524 | 40,698 | 35,296 |
| Non-current liabilities | 29,099 | 29,905 | 9,009 | 10,702 | 13,722 |
| Current liabilities | 42,252 | 39,962 | 32,409 | 23,212 | 21,719 |
| Shareholders' equity (incl. minority share) | 59,670 | 54,543 | 54,224 | 47,661 | 43,709 |
| Total assets | 131,021 | 124,410 | 95,642 | 81,575 | 79,150 |
| **Employees** | | | | | |
| FTE as at 31 December | 1,438 | 1,413 | 1,227 | 990 | 919 |
| Average number of FTEs | 1,436 | 1,346 | 1,134 | 966 | 836 |
| Revenue per employee (x € 1,000) | 111 | 116 | 115 | 109 | 107 |
| EBITDA per employee (x € 1,000) | 13 | 12 | 12 | 12 | 12 |
| Operating profit per employee (x € 1,000) | 5 | 4 | 8 | 9 | 9 |

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.

| | **2020** | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| **Ratios** | | | | | |
| EBITDA/revenue | 12.0% | 10.6% | 10.4% | 11.4% | 11.5% |
| Operating profit / revenue | 4.2% | 3.2% | 6.6% | 8.0% | 8.2% |
| Net profit / revenue [1), 2)] | 2.6% | 1.7% | 7.2% | 5.0% | 5.6% |
| Net profit / average shareholders' equity [1), 2)] | 7.4% | 4.8% | 19.2% | 11.4% | 12.6% |
| Current assets / current liabilities | 1.25 | 1.15 | 1.37 | 1.75 | 1.63 |
| Shareholders' equity / total assets | 0.45 | 0.44 | 0.57 | 0.58 | 0.55 |
| **Per share of € 0.10 (nominal)** | | | | | |
| Net profit [1), 2), 3)] | 0.43 | 0.27 | 0.99 | 0.56 | 0.56 |
| Net cash flow from operating activities [3)] | 2.04 | 1.52 | 1.18 | 0.85 | 0.56 |
| Dividend [4), 5)] | 0.40 | 0.00 | 0.38 | 0.35 | 0.33 |
| Shareholders' equity (excl. minority share) [4)] | 6.21 | 5.64 | 5.63 | 4.98 | 4.66 |
| Outstanding ordinary shares at year end | 9,697,106 | 9,565,010 | 9,463,878 | 9,411,301 | 9,288,309 |
| Average outstanding ordinary shares during the year | 9,605,905 | 9,521,946 | 9,440,334 | 9,360,010 | 8,968,516 |

3) Based on the average number of issued shares.
4) Based on number of issued shares at year end.
5) For dividends distributions in 2018, 2017 and 2016 shareholders were offered the option: cash or shares. For 2020 the dividend distributions are offered in cash.

# 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 based on 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 N.V. level. The first validation of data is performed at company level and further validated at Group level by the group controller, group reporting manager 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 2020 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 as 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 2020 and focus in 2021 |
| 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 2020 and focus in 2021 |
| GRI 102-10 | Significant changes to the organization and its supply chain | Strategy execution in 2020 and focus in 2021 |
| 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 2020 and focus in 2021, 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 Standard Number | GRI content index | Chapter |
|---|---|---|
| GRI 102-21 | Consulting stakeholders on economic, environmental, and social topics | Strategy execution in 2020 and focus in 2021 |
| 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 2020 and focus in 2021, 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 2020 and focus in 2021 |
| 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 2020 and focus in 2021 |
| GRI 102-43 | Approach to stakeholder engagement | Strategy execution in 2020 and focus in 2021 |
| GRI 102-44 | Key topics and concerns raised | Strategy execution in 2020 and focus in 2021 |
| **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 2020 and focus in 2021 |
| GRI 102-47 | List of material topics | Strategy execution in 2020 and focus in 2021 |

| GRI Standard Number | GRI content index | Chapter |
|---|---|---|
| GRI 102-48 | Restatements of information | There have been no restatements of information in 2019 |
| GRI 102-49 | Changes in reporting | Consolidated financial statements |
| GRI 102-50 | Reporting period | Consolidated financial statements |
| GRI 102-51 | Date of most recent report | 27 Feburary 2020 |
| 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 2020 and focus in 2021 |
| GRI 103 | The management approach and its components | Strategy execution in 2020 and focus in 2021 |
| GRI 103 | Evaluation of the management approach | Strategy execution in 2020 and focus in 2021 |
| **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, Reduce the environmental footprint |
| GRI 302-4 | Reduction of energy consumption | Report of the Executive Board, Reduce the environmental footprint |
| GRI 305-1 | Direct (Scope 1) GHG emissions | Report of the Executive Board, Reduce the environmental footprint |

| GRI Standard Number | GRI content index | Chapter |
|---|---|---|
| GRI 305-2 | Energy indirect (Scope 2) GHG emissions | Report of the Executive Board, Reduce the environmental footprint |
| GRI 305-5 | Reduction of GHG emissions | Report of the Executive Board, Reduce the environmental footprint |
| GRI 307-1 | Non-compliance with environmental laws and regulations | Report of the Executive Board, Reduce the environmental footprint |
| **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.
Weena 788, 3014 DA, Rotterdam (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
Oude Maasdijk 30, 6621 AC, Dreumel

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

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

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

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

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

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

ICT Indusoft B.V.
Weena 788, 3014 DA, Rotterdam

Additude B.V.
Prof Dr. Dorgelolaan 30, 5613 AM, Eindhoven

Esprit Management & IT Services B.V.
Prof Dr. Dorgelolaan 30, 5613 AM, Eindhoven

### *Joint ventures and Associates*

Greenflux Assets B.V.
Mauritskade 63, 1092 AD, Amsterdam

SpringRivet Holding B.V.
Olympisch Stadion 24, 1076 DE, Amsterdam

LogicNets B.V.
Professor Dr. Dorgelolaan 30, 5613 AM, Eindhoven

### *Foreign entities*

#### Bulgaria

Strypes Ltd.
Maystor Aleksi Rilets, Floor 2 10A, 1618 Sofia

Kodar Ltd.
Trakia area, block 15, entr.B, fl.3rd, ap.14, Plovdiv 4023

UP2 Technology EOOD
Samokov Boulevard 28, 1113 Iztok Sofia

#### Belgium

ICT Belgium BV
Antwerpsesteenweg 124, 2630 Aartselaar
(maatschappelijke zetel: Hoogveld 44, 9200, Dendermonde)

ICT Healthcare Technology Solutions Belgium BV
Kloosterdreef 7, 8510, Bellegem

#### Germany

ICT Germany GmbH
Carl-Zeiss-Ring 4, 85737, Ismaning

CIS Solutions GmbH
Fraunhoferstrasse 9, 85737, Ismaning

## France

BMA France SAS
Rue du Parc de Clagny 7, 78000, Versailles

## Sweden

Additude AB
Stora Varvsgatan 11, 211 74, Malmö

***Joint ventures and Associates***

## US

LogicNets Inc.
5335 Wisconsin Avenue, NW, Suite 440, Washington DC

## Contact details

www.ictgroup.eu
https://ict.eu/about-us/investor-relations/

# MEMBERSHIPS

| | |
|---|---|
| Stichting Klimaatvriendelijk Aanbesteden & Ondernemen (SKAO) | ICT Group N.V. |
| DNHK | ICT Netherlands B.V. |
| HL7 Nederland | ICT Netherlands B.V. |
| IHE Nederland | ICT Netherlands B.V. |
| KNW Waternet | ICT Netherlands B.V. |
| OIZ | ICT Netherlands B.V. |
| Platform Outsourcing Nederland | ICT Netherlands B.V. |
| Platform voor Informatiebeveiliging | ICT Netherlands B.V. |
| Stichting PAVO | ICT Netherlands B.V. |
| The House of Technology | ICT Netherlands B.V. |
| TKT (Technologie Kring Twente) | ICT Netherlands B.V. |
| Universal Smart Energy Framework (USEF) | ICT Netherlands B.V. |
| FHI (federatie technologiebranches) | ICT Netherlands B.V. |
| Stichting Klimaatvriendelijk Aanbesteden & Ondernemen (SKAO) | InTraffic B.V. |
| International Association of Public Transport | InTraffic B.V. |
| Sales Management Association | InTraffic B.V. |
| Railforum | InTraffic B.V. |
| Connekt | InTraffic B.V. |
| Testnet | InTraffic B.V. |
| Bulgarian Association of software companies | Strypes Ltd. |
| Stichting Centrum Ondergronds Bouwen | INNOCY B.V. |