

PRESS RELEASE

pages: 18

Barendrecht, August 19, 2020

H1 2020 RESULTS ICT GROUP

Solid first half 2020

Highlights H1 2020

- Revenue in H1 2020 increased 2% to € 81.4 million (H1 2019: € 79.8 million), organically down 1.3%
- EBITDA was stable at € 8.9 million (H1 2019: € 8.8 million)
- COVID-19 impact was limited in Q1, effects were more visible in April and May and as of June productivity recovered
- Precautionary measures taken to cut costs and to preserve cash already bear fruits as of June
- Revised financing agreement in place, including additional € 10 million credit facility and extension of repayment schedule
- Management expects revenue and EBITDA for the second half of 2020 to be in line with the first half of 2020

Key figures

(in millions of €)	H1 2020	H1 2019	Change
Revenue	81.4	79.8	2%
Revenue Added Value	67.6	65.9	3%
EBITDA	8.9	8.8	1%
Amortisation / depreciation	6.1	5.7	7%
One-off accounting gains (*)	-	0.7	
Net profit	2.1	2.5	-16%
Earnings per share (**) (in €)	0.20	0.27	-26%

(*) Accounting gain in H1 2019 of € 0.7 million following the revaluation of ICT's stake in GreenFlux.

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

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

"First and foremost I would like to thank our clients and employees for their flexibility and loyalty during these uncertain times. It shows that passion for technology unites and continues also when working from home. Pre-corona we saw productivity levels steadily improving; however the crisis impacted productivity in April and May. During June productivity levels increased again. Revenue slightly increased in the first half of 2020 compared to the same period last year. Particularly our secondment services in Sweden and the Netherlands were impacted by COVID-19. Our activities in Bulgaria showed a substantial organic growth. Overall our projects in high tech and public infrastructure continued at the same level as before COVID-19. We also saw the favourable development of our SAAS (software as a service) activities continue. Our diversified revenue portfolio offers strength and resilience."

"As evidenced by the performance in June, we are well positioned to benefit quickly when business activities overall would return again to normal levels. Based on this positive trend we expect the results in the second half of the year to be in line with the first half of 2020. In addition we continue to strongly believe in the attractiveness of the long term market perspectives as the digital transformation will continue in all the markets we operate in."

COVID-19 measures

In light of the COVID-19 crisis ICT has taken necessary measures to cut and control costs, with a strong focus on cash management. These measures already have an effect as of June. ICT did not apply for governmental support (NOW - 1) in the Netherlands.

ICT concluded a revised financing agreement which includes an additional € 10 million government secured facility by Rabobank, to provide ICT with a back-up financing facility in case the crisis would further intensify. Furthermore, we agreed on a 6-month extension of the redemption schedule and a temporary increase of the net debt / EBITDA ratio to 3.5.

Personnel

At 30 June 2020, ICT Group employs 1,503 people (1,453 FTEs), around 2.4% higher than at year-end 2019.

Notes to the results

Performance ICT Group

ICT Group's revenue came in at € 81.4 million in the first half of 2020, a 2.0% increase compared to € 79.8 million reported in H1 2019. Organically, excluding acquisitions and divestments, revenue decreased by 1.3%.

Personnel costs increased to € 49.1 million (H1 2019: € 46.4 million), in line with the increase in FTE's and salary increases.

Other operating expenses decreased from € 10.6 million in H1 2019 to € 9.6 million in the first half of 2020, mainly as a result of the measures taken in light of the COVID-19 crisis. The costs related to strategic initiatives in H1 2020 amounted to € 0.1 million compared to € 0.5 million in H1 2019.

For the first six months of 2020 EBITDA was more or less stable at € 8.9 million, compared to € 8.8 million in the comparable period in 2019. The EBITDA margin decreased slightly to 10.9% (H1 2019: 11.1%).

Performance per segment

Per segment (in € millions)	H1 2020		H1 2019		Δ Revenue
	Revenue	EBITDA	Revenue	EBITDA	
Engineering R&D	20.1	2.5	21.2	3.4	-5.2%
Industrial Automation	18.1	2.1	19.0	2.9	-4.7%
Infra & Mobility	20.0	2.6	21.8	2.1	-8.3%
Healthcare Techn.	4.7	0.0	5.3	0.3	-11.3%
Bulgaria	8.5	1.7	5.7	1.1	49.1%
Sweden	8.9	0.4	7.6	0.4	17.1%
Other	7.5	-0.4	5.9	-1.4	27.1%
Eliminations	-6.4	0.0	-6.7	0.0	-4.5%
	81.4	8.9	79.8	8.8	2.0%

Engineering R&D

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

The HighTech activities were not impacted by COVID-19 and are performing in line with expectations. We do see an impact in the Automotive activities, but at the same time the sales funnel looks promising. The Machine & Systems unit, in particular the secondment business, was impacted significantly. Customers are scaling back development programmes, which is impacting productivity. We do however see customers starting up again.

Industrial Automation

In this segment Logistics & Transport, Industry and Outsourced services are the key markets for ICT. This segment serves customers that have been heavily impacted by the crisis. Especially the activities in the units Logistics & Transport and Industry were significantly impacted in the second quarter. However we do see demand increasing again.

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.

This segment experienced little impact of COVID-19. Many projects in the public domain are continuing, however we do see some pressure on secondment activities within the Water & Infra unit. The TURNN entity, ICT's Mobility as a Service activities, continued its positive development. After a number of successful pilots the first customer contracts, with both municipalities and large companies, were won and completed.

Healthcare Technology

The performance of the Healthcare unit is affected by COVID-19. This is mainly the case at the consultancy activities that were already operating at lower productivity levels before the crisis. The activities focused on the sale of the foetal care products did show a positive performance.

Bulgaria

ICT's nearshoring entity Strypes saw a further increase in customer demand, which translated into substantial organic growth. Our strategic decision to accelerate our nearshoring activities clearly paid off. Strypes is well positioned to capitalize upon the increasing demand for nearshoring activities. The integration of Kodar and Up2 is ongoing and progressing according to plan. EBITDA margins further increased during the first half of 2020.

Sweden

Additude, acquired in February 2019, is now fully integrated into ICT. Also here COVID-19 had an impact in the second quarter. On the other hand one of the largest contracts was recently prolonged. Hiring activities are under pressure from COVID-19, therefore recovery of the margins is lagging behind.

Other

The segment 'Other' includes a number of small entities as well as the holding costs of the group. As Improve is mainly engaged in trainings, the second quarter was heavily impacted by COVID-19. OrangeNXT is performing in line with plan although COVID-19 is putting some pressure on the growth rate. Nevertheless OrangeNXT progresses out of the start-up phase and realised a small profit. The results of the German and Belgian entities have been slightly positive.

Other financial information

ICT has attributed a value to and is amortising several intangible assets, including order backlog, software and customer relations of its acquisitions. Amortisation in the first half of 2020 amounted to € 2.6 million (H1 2019: € 2.6 million). Depreciation for the first half of 2020 amounted to € 3.5 million (H1 2019: € 3.1 million).

The result from associates amounted to a profit of € 0.4 million (H1 2019: € 0.3 million loss). The profit was mainly the result of a one-off gain realised at one of the associates.

Financing expenses came in at € 0.6 million in the first six months of 2020 (H1 2019: € 0.5 million).

Taxes in the first half of 2020 amounted to € 0.5 million compared with € 0.5 million in the first half of 2019.

Reported net profit for the first six months of 2020 came in at € 2.1 million (H1 2019: € 2.5 million). In the net profit for H1 2019 a one-off accounting gain of € 0.7 million was included as a result of the revaluation of ICT Group's stake in GreenFlux. The earnings per share came in at € 0.20 (H1 2019: € 0.27). The number of outstanding ordinary shares were stable compared to year-end 2019 and amounted to 9,565,010.

Cash flow movement

In the first half of the year, net operational cash flow increased significantly to € 6.8 million positive (H1 2019: € 3.8 million positive), partly due to postponement of tax payments. Also the net cash position increased and amounted to € 8.0 million positive per 30 June 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 the first half of 2020, shareholders' equity stood at € 56.6 million (31 December 2019: € 54.5 million). The balance sheet total increased from € 124.4 million at year-end 2019 to € 129.3 million at 30 June 2020. Solvency (shareholders' equity/total assets) was unchanged at 44% at the end of June 2020 (44% at year-end 2019), reflecting a sound financial basis.

Outlook

Long term market perspectives remain attractive as we continue to believe in the ongoing digital transformation in all the markets we operate in. We remain 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%.

Barring unforeseen circumstances, in particular in relation to COVID-19, management expects that revenue and EBITDA in the second half of 2020 will be in line with the first half of 2020.

In these unprecedented times, our diversified revenue portfolio offers strength and resilience, while we put the well-being and safety of our employees and customers first at all times.

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

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

With our Smarter Industries solutions we serve the automotive, manufacturing, high-tech, food, chemical & pharma, oil & gas and logistics industries. Our solutions in Smarter Cities are focused on water, rail and road infrastructure as well as public transport and mobility. Within Smarter Healthcare we provide solutions in the domains of medical data exchange, radiotherapy and obstetrics. Furthermore, ICT Group delivers its own cloud-based software for IoT, digital transformation and artificial intelligence.

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

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

Cautionary statement

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

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

Annex: Condensed consolidated interim financial statements 30 June 2020

ICT GROUP N.V.

**Condensed consolidated interim
financial statements**

30 June 2020

Condensed interim consolidated statement of comprehensive income

(UNAUDITED)

(x € 1,000)	note	1 January - 30 June 2020	1 January - 30 June 2019
Revenue	1)	81,377	79,786
Cost of Materials and subcontractors		13,791	13,902
Employee benefit expenses		49,126	46,443
Depreciation and amortisation		6,057	5,716
Other operating expenses	2)	9,606	10,596
Total operating expenses		78,579	76,659
Operating profit		2,798	3,127
Financial expenses		(572)	(532)
Financial income		5	90
One-off accounting gains	3)	-	679
Result from associates		396	(325)
Result from other financial fixed assets		16	-
Result before taxes		2,643	3,039
Income tax expense		(538)	(493)
Net profit		2,105	2,546
Other comprehensive income (loss), net of tax		(4)	(23)
Total comprehensive income		2,101	2,523
Net profit attributable to:			
- Shareholders of ICT Group N.V.		1,935	2,563
- Non-controlling interests		170	(17)
Total comprehensive income attributable to:			
- Shareholders of ICT Group N.V.		1,931	2,540
- Non-controlling interests		170	(17)
Earnings per share:			
Basic earnings per share (in €)		0.20	0.27
Diluted earnings per share (in €)		0.20	0.27

*) The 2019 net profit includes € 0.7 million 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.

Condensed interim consolidated balance sheet

(Before proposed profit appropriation)
(UNAUDITED)

x €1.000	Note	30 June 2020	31 December 2019
Assets			
NON-CURRENT ASSETS			
Property, plant & equipment		3,499	3,655
Right-of-use assets		14,367	13,134
Goodwill		37,245	37,457
Other intangible assets		20,175	21,251
Investment in associates	3)	1,308	912
Deferred tax assets		510	373
Other financial assets		1,394	1,590
		<u>78,498</u>	<u>78,372</u>
CURRENT ASSETS			
Trade and other receivables		42,253	39,354
Corporate income tax receivable		518	915
Cash and cash equivalents		8,034	5,769
		<u>50,805</u>	<u>46,038</u>
TOTAL ASSETS		<u>129,303</u>	<u>124,410</u>
Equity and liabilities			
SHAREHOLDERS' EQUITY			
		56,644	54,543
NON-CURRENT LIABILITIES			
Deferred tax liabilities		3,597	3,912
Share-based compensation		687	482
Loans (long-term)		13,422	13,423
Lease liabilities (long-term)		9,546	8,488
Deferred acquisition consideration (LT)		2,555	3,600
		<u>29,807</u>	<u>29,905</u>
CURRENT LIABILITIES			
Trade payables		4,904	5,837
Corporate income tax payable		560	86
Other taxes and social security premiums		6,489	8,996
Loans (short-term)		6,540	6,540
Deferred acquisition consideration (ST)		1,929	747
Lease liabilities (short-term)		4,724	4,617
Other current liabilities		17,706	13,139
		<u>42,852</u>	<u>39,962</u>
TOTAL EQUITY AND LIABILITIES		<u>129,303</u>	<u>124,410</u>

*) The 2019 net profit includes € 0.7 million of one-off gains related to the dilution of the share in GreenFlux.

Consolidated interim statement of changes in equity

(UNAUDITED)

	<i>Attributable to owners of the parent</i>								Non-controlling interest	Total equity
	Issued share capital	Share premium	Currency translation reserve	Legal reserve	Treasury shares	Retained earnings	Profit for the year	Total		
<i>(x € 1,000)</i>										
First half-year 2019										
Balance at 1 January 2019	946	14,204	95	2,172	(290)	26,765	9,391	53,283	941	54,224
Net profit	-	-	-	-	-	-	2,563	2,563	(17)	2,546
Other comprehensive income	-	-	(23)	-	-	-	-	(23)	-	(23)
Total comprehensive income	-	-	(23)	-	-	-	2,563	2,540	(17)	2,523
Dividends paid	-	-	-	-	-	(2,345)	-	(2,345)	(208)	(2,553)
Stock dividend charged	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	(145)	-	(145)	(65)	(210)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-
Issuance of new shares	10	(10)	-	-	-	-	-	-	-	-
Transfers	-	-	-	4,880	-	(4,880)	-	-	-	-
Prior year result allocation	-	-	-	-	-	9,391	(9,391)	-	-	-
Balance at 30 June 2019	956	14,194	72	7,052	(290)	28,786	2,563	53,333	651	53,984
First half-year 2020										
Balance at 1 January 2020	956	14,194	91	7,371	(13)	28,767	2,618	53,984	559	54,543
Net profit	-	-	-	-	-	-	1,935	1,935	170	2,105
Other comprehensive income	-	-	(4)	-	-	-	-	(4)	-	(4)
Total comprehensive income	-	-	(4)	-	-	-	1,935	1,931	170	2,101
Transfers	-	-	-	(205)	-	205	-	-	-	-
Prior year result allocation	-	-	-	-	-	2,618	(2,618)	-	-	-
Balance at 30 June 2020	956	14,194	87	7,166	(13)	31,590	1,935	55,915	729	56,644

Condensed interim consolidated cash flow statement

(UNAUDITED)

According to the direct method (x € 1,000)	Note	First half year 2020	First half year 2019
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		96,397	94,020
Payments to suppliers and employees		<u>(89,219)</u>	<u>(87,901)</u>
		7,178	6,119
Interest paid		(204)	(301)
Income tax (paid) received		<u>(147)</u>	<u>(2,007)</u>
		<u>(351)</u>	<u>(2,308)</u>
Net cash flow from operating activities		6,827	3,811
CASH FLOW FROM INVESTMENT ACTIVITIES			
Additions to property, plant and equipment		(518)	(538)
Additions to software and product development		(1,271)	(975)
Acquisition of subsidiaries (net of cash acquired)		(26)	(6,952)
Payment of earn-out liabilities		(86)	(3,684)
Sale of subsidiaries		-	1,107
(Additions to) / disposal of other financial assets		212	(513)
		<u>(1,689)</u>	<u>(11,555)</u>
Net cash flow from investment activities		(1,689)	(11,555)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds of borrowings external loans		-	9,890
Repayments of borrowings external loans		-	(1,774)
Payment of lease liabilities		(2,878)	(2,425)
Dividend paid to non-controlling interest		-	(208)
Dividend paid to shareholders of ICT Group N.V.		-	<u>(2,345)</u>
		<u>(2,878)</u>	<u>3,138</u>
Net cash flow from financing activities		(2,878)	3,138
Net cash flow		<u>2,260</u>	<u>(4,606)</u>
Cash at bank and in hand (net) as at 30 June 2020		8,034	1,592
Exchange rate differences on cash at bank and in hand (net)		(6)	(20)
Cash at bank and in hand (net) at 1 January		<u>5,768</u>	<u>6,178</u>
(Decrease) increase cash and cash equivalents		<u>2,260</u>	<u>(4,606)</u>

Note to the condensed consolidated interim statement of income

General information

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

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These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates and joint ventures.

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

Technology based-innovations are critical for the competitive edge of our customers; getting smarter every day in every product, process or application. Our specific industry knowledge enables us to link people, technology and ideas. With over 1,400 dedicated technical professionals in the field, we are capable of translating new and innovative technologies into relevant business solutions, enriched with state-of-the-art technologies.

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

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

The following group companies are included in the consolidation.

Group companies

ICT Netherlands B.V. ¹	Barendrecht (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.	Houten (the Netherlands)	100%
ICT Healthcare Technology Solutions Belgium B.V.	Bellegem (Belgium)	100%
BMA France SAS	Versailles (France)	100%
BMA Telenatal B.V.	Houten (the Netherlands)	51%
OrangeNXT B.V.	Barendrecht (the Netherlands)	100%
NedMobiël B.V.	Breda (the Netherlands)	100%
InTraffic B.V. ³	Utrecht (the Netherlands)	100%
ICT Motar B.V.	Barendrecht (the Netherlands)	50.1%
CIS Solutions GmbH	Ismaning (Germany)	66%
ICT Participations B.V.	Barendrecht (the Netherlands)	100%
Additude AB ⁴	Malmö (Sweden)	70.55%
Additude B.V.	Barendrecht (the Netherlands)	70.55%
Kodar Ltd.	Plovdiv (Bulgaria)	100%
Proficium B.V.	Breukelen (The Netherlands)	100%
Proficium OVK B.V.	Breukelen (The Netherlands)	100%
UP2 Technology Ltd. ⁵	Sofia (Bulgaria)	100%
TURNN B.V. ⁶	Nieuwegein (The Netherlands)	100%

Joint ventures and associates

LogicNets Inc.	Washington D.C. (USA)	20%
GreenFlux Assets B.V.	Amsterdam (the Netherlands)	14.67%
ICT-Sensoria NL B.V.	Barendrecht (the Netherlands)	50%
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 in the condensed interim 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⁾ 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 in the condensed interim financial statements of ICT Group N.V.. The legal merger became effective as of 1 January 2020.

⁴⁾ 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 in the condensed interim financial statements of ICT Group N.V.. The legal merger became effective as of 1 January 2020.

⁵⁾ 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.

⁶⁾ At 25 May 2020 Turrn B.V. was incorporated.

The consolidated interim financial statements were drawn up by the Executive Board and approved for publication by the Supervisory Board on 18 August 2020. The consolidated interim financial statements have not been audited.

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

Accounting policies

These interim financial statements for the half-year reporting period ended 30 June 2020 has been prepared in accordance with Accounting Standard IAS 34 'Interim Financial Reporting'.

The interim financial statements do not include all the notes of the type normally included in the consolidated financial statements. Accordingly, this report is to be read in conjunction with the consolidated financial statements for the year ended 31 December 2019 and any public announcements made by ICT Group during the interim reporting period.

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2019.

Changes in accounting policies

A number new standards are effective from 1 January 2020 but they do not have a material effect on ICT Group's interim financial statements.

COVID-19

COVID-19 affected the company's results, balance sheet and cash flows presented in these interim financial statements.

IFRS requires management to make assumptions, judgments and estimates. As a result of the uncertainty associated with the nature of the COVID-19 pandemic, and in line with existing policies, the company regularly updates its significant assumptions and estimates to support the reported amounts of assets, liabilities, income and expenses. The areas which include judgment and estimates are disclosed in the 2019 Annual Report. The area primarily impacted by COVID-19 include the impairment tests.

For those CGU's which are considered as a separate CGU for goodwill impairment testing, being 'Healthcare' and 'Improve', for which an impairment trigger was identified, an impairment test was performed as at 30 June 2020. In determining the recoverable amounts we used different scenario's to reflect the uncertainties associated with the nature of the COVID-19 pandemic in the discounted cash flow projections. For both CGU's 'Healthcare' and 'Improve' we concluded, based on the impairment testing performed, no impairment is applicable.

Seasonal influences

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

Risks

ICT Group has implemented internal risk management and control systems, the aim of which is to minimise the operational and financial risks of the Company and to limit as much as possible the influence of events on the Company's balance sheet ratios and its results. The most significant operational and financial risks, outlined on pages 49-59 of our 2019 Annual Report, were unchanged in the first half of this year. The 2019 Annual Report is available at www.ict.eu.

For further information, we refer you to section 6 of the 2019 Annual Report, page 120 onwards.

Auditor's statement

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

Note 1) Segment information

SEGMENT INFORMATION

The Executive Board is the Company's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Executive Board for the purposes of allocating resources and assessing performance.

Since 1 January 2019 the Executive Board reviews the business from a cluster level of operating segments in accordance with IFRS 8 and has identified seven reportable segments: Engineering R&D, Industrial Automation, Infra & Mobility, Healthcare Technology, Bulgaria, Sweden and Other. The segment 'Other' consists of the individual entities, Improve Quality Services B.V., OrangeNXT B.V., ICT Motar B.V., CIS Solutions GmbH and ICT Belgium BV..

UP2 Technology Ltd. is part of the cluster Bulgaria and TURNN B.V. is part of the Infra & Mobility cluster.

First half year 2020

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

(UNAUDITED)

(X € 1,000)	Engineering R&D	Industrial Automation	Infra / Mobility	Healthcare Technology	Bulgaria	Sweden	Other	Eliminations	Consolidated
Revenue:									
Revenue from professional services	18,466	15,925	17,331	1,369	8,341	8,519	5,435	(4,536)	70,850
Revenue from solutions / products	1,104	1,422	2,516	3,285	167	384	1,764	(115)	10,527
Subtotal	19,570	17,347	19,847	4,654	8,508	8,903	7,199	(4,651)	81,377
Inter-segment	485	796	152	4	-	-	344	(1,781)	-
Total revenue	20,055	18,143	19,999	4,658	8,508	8,903	7,543	(6,432)	81,377
Operating expenses directly attributable to the operating segments	13,543	12,453	13,626	3,418	5,561	7,583	6,926	(6,432)	56,678
Segment Gross profit	6,512	5,690	6,373	1,240	2,947	1,320	617	-	24,699
Allocated operating expenses	3,996	3,637	3,813	1,217	1,223	966	992	-	15,844
Operating profit before amortisation and depreciation	2,516	2,053	2,560	23	1,724	354	(375)	-	8,855
Allocated amortisation and depreciation	475	776	1,713	586	308	305	1,894	-	6,057
Operating profit	2,041	1,277	847	(563)	1,416	49	(2,269)	-	2,798
Financial expenses									(572)
Financial income									5
One-off accounting gains (note 27)									-
Result from joint ventures									-
Result from associates									396
Result from other fixed assets									16
Profit before taxation									2,643
Taxes									(538)
Net profit									2,105
Segment Assets	23,086	20,698	27,642	7,888	10,050	8,992	80,240	-49,293	129,303
Segment Liabilities	12,895	10,820	15,358	5,201	3,564	4,626	37,475	-17,278	72,661
Other notes									
Operating profit before amortisation and depreciation/total revenues	12.5%	11.3%	12.8%	0.5%	20.3%	4.0%	-5.0%	-	10.9%
Average number of employees (FTE)	309	259	254	64	292	75	192	-	1,444

First half year 2019

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

(UNAUDITED)

(X € 1,000)	Engineering R&D	Industrial Automation	Infra / Mobility	Healthcare Technology	Bulgaria	Sweden	Other	Eliminations	Consolidated
Revenue:									
Revenue from professional services	19,477	16,184	18,226	1,653	5,663	7,263	4,603	(2,876)	70,193
Revenue from solutions / products	1,086	1,870	2,480	2,542	0	352	1,282	(19)	9,593
Subtotal	20,563	18,054	20,706	4,195	5,663	7,615	5,885	(2,895)	79,786
Inter-segment	667	948	1,086	1,122	-	-	57	(3,880)	-
Total revenue	21,230	19,002	21,792	5,317	5,663	7,615	5,942	(6,775)	79,786
Operating expenses directly attributable to the operating segments	14,173	12,435	16,046	3,664	3,451	6,512	6,180	(6,775)	55,686
Segment Gross profit	7,057	6,567	5,746	1,653	2,212	1,103	(238)	-	24,100
Allocated operating expenses	3,630	3,628	3,599	1,350	1,149	685	1,216	-	15,257
Operating profit before amortisation and depreciation	3,427	2,939	2,147	303	1,063	418	(1,454)	-	8,843
Allocated amortisation and depreciation	1,029	1,096	1,406	660	409	611	505	-	5,716
Operating profit	2,398	1,843	741	(357)	654	(193)	(1,959)	-	3,127
Financial expenses									(532)
Financial income									90
One-off accounting gains (note 3)									679
Result from joint ventures									-
Result from associates									(325)
Profit before taxation									3,039
Taxes									(493)
Net profit									2,546
Segment Assets*	22,978	23,826	26,150	11,062	7,933	10,280	82,690	(58,088)	126,831
Segment Liabilities*	10,067	9,856	14,520	6,028	2,923	5,627	46,037	(22,211)	72,847
Other notes									
Operating profit before amortisation and depreciation/ total revenue	16.1%	15.5%	9.9%	5.7%	18.8%	5.5%	-24.5%	-	11.1%
Average number of employees (FTE)	302	253	263	82	180	59	164	-	1,303

Note 1) Disaggregated revenue (continued)

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

(X € 1,000)	Reportable segments		Segment other		Eliminations segments		All segments	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Revenue								
Secondment	27,227	29,731	1,869	1,850	(3,017)	(5,551)	26,079	26,030
Projects	40,996	38,954	3,292	1,506	(2,559)	(1,192)	41,729	39,268
Recurring Product sales	5,129	5,116	3	898	(113)	-	5,019	6,014
Other	1,818	1,966	-	206	-	-	1,818	2,172
	4,809	4,852	2,035	1,482	(112)	(32)	6,732	6,302
	79,979	80,619	7,199	5,942	(5,801)	(6,775)	81,377	79,786

Note 2) Other operating expenses

In the first half-year 2020 the other operating expenses contain € 0.1 million for M&A costs. In the first half-year 2019 the other operating expenses contain € 0.5 million for M&A costs.

Note 3) One-off accounting gains

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

(x € 1,000)	First half-year 2020	First half-year 2019
Profit on dilution of GreenFlux *)	-	679
	-	679

*) Profit on dilution of GreenFlux

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

In 2020 the amount of € 0.7 million one-off accounting gains has been transferred to the legal reserve. These profits are non-cash items and are non-distributable profits under Dutch law.

Additional financial information

(UNAUDITED)

(in millions in €)	First half-year 2020	First half-year 2019
Revenue	81.4	79.8
Added value (Revenue minus cost of materials and subcontractors)	67.6	65.9
EBITDA	8.9	8.8
Amortisation / depreciation	6.1	5.7
Operating profit	1.6	3.1
Net profit	2.1	2.5
Earnings per share	0.20	0.27
Ratios		
EBITDA / revenue	10.9%	11.1%
Net profit ¹⁾ / revenue	2.4%	3.2%
Net profit ¹⁾ / average shareholders' equity	3.5%	4.7%
Solvency (Shareholders' equity / total assets) ²⁾	43.8%	42.6%
Personnel		
Headcount as at 30 June	1,503	1,412
FTE as at 30 June	1,453	1,334
Average number of FTEs for the half year	1,444	1,303
Outstanding shares		
Outstanding ordinary shares at period end ²⁾	9,565,010	9,565,010
Average outstanding ordinary shares during the period	9,565,010	9,477,924

1) The net profit attributable to the shareholders of ICT. The 2019 net profit includes € 0.7 million of one-off gains related to the dilution of the share in GreenFlux.

2) At 30 June 2020 and at 31 December 2019.

Related-parties

For an overview of the related parties, we refer to section 31 of the 2019 Annual Report. During the first half-year of 2020 the transactions between entities of the ICT Group on a 100% basis with LogicNets Inc, GreenFlux Assets B.V. and SpringRivet Holding B.V. can be specified as follows:

x € 1,000

	H1-2020	H1-2019
Sales to associates	158	1,348
Purchases from associates	-	86
Receivables from associates	-	625
Loans (net) to associates*	312	-
Payables to associates	75	43

* The loans (net) to related parties in H1-2020 represent a loan to GreenFlux

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

Taxes

In the condensed interim financial statements of first half-year 2020 and first half-year 2019, taxes are shown in the statement of comprehensive income on the basis of the applicable rates for corporate income taxes in the Netherlands, Bulgaria, France, Belgium, Germany and Sweden.

Outstanding shares

At 30 June 2020 the number of outstanding shares amounted to 9,565,010 (31 December 2019: 9,565,010). In the first half year 2019 ICT Group N.V. issued 101,132 new shares related to the stock dividend over 2019.

Dividend

In the first half-year 2020 ICT did not declare a dividend. In the first half-year 2019 ICT paid a cash dividend of € 2,345 thousand over the financial year 2018 and issued 101,132 new shares related to 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 the first half-year 2020 and 2019 are shown in the following table.

Treasury shares	Number of shares	Average rate in Euros	Treasury shares (x € 1,000)
At 31 December 2018	19,926	14.55	290
H1-2019:			
- Purchased treasury shares in the first half-year 2019 for the personnel share and key management plans	-	-	-
- Sold treasury shares in the first half-year 2019 to key management	-	-	-
At 30 June 2019	19,926	14.55	290
H2-2019:			
- Purchased treasury shares in the second half-year 2018 for the personnel share and key management plans	22,815	13.31	304
- Sold treasury shares in the second half-year 2018 to key management	(41,567)	12.31	(512)
- Loss transfer to retained earnings	-		(69)
At 31 December 2019	1,174	11.25	13
H1-2019:			
- Purchased treasury shares in the first half-year 2019 for the personnel share and key management plans	-	-	-
- Sold treasury shares in the first half-year 2019 to key management	-	-	-
At 30 June 2020	1,174	11.25	13

Execution of the employee participation plan in the first half of 2020 will be completed in the second half of 2020.

Obligations not shown in the balance sheet

Obligations not shown in the balance sheet that are included in the 2019 financial statements were essentially unchanged in the first half of 2020.

Subsequent events

In July 2020 ICT Group N.V. has acquired 100% of the shares of Esprit Management & IT Services B.V. (Esprit). Esprit was founded in 1999 and is active in technical software development and recruitment services in the technical automation domain. It employs over 20 professionals and generates annual revenue of around € 2 million.

Statement from the Board of Executive Directors

The Executive Board of ICT Group N.V. declares, in accordance with the requirements outlined in article 5:25d of the Financial Supervision act, that to the best of its knowledge the condensed consolidated interim financial statements provide a true and fair view of the assets, liabilities and the financial position as of 30 June 2020 and of the results of our consolidated activities in the first half of 2020 and of the companies included in the consolidation, and that the condensed consolidated interim financial statements provide a true and fair view of the financial position as of 30 June 2020, of the developments in the course of the first half of 2020 within the Company and the companies included in the consolidation.

Barendrecht, 18 August 2020

Executive Board of ICT Group N.V.