

ANNUAL REPORT 2018



14:54:23

exstimated time



CONTENTS

Annual review	2	Our markets	31	Risks*	90
Interview Management Board	2	Public sector	32	Governance*	99
Management Board profile*	5	Finance	37	Report of the Supervisory Board *	107
Key figures *	6	Industry	42	Provisions of the articles of association **	117
Five-year overview 2014-2018	8	Healthcare	46	Financial Statements	119
Summary of 2018	10	Finance*	51	Other information**	203
Ordina Innovation days	12	Explanation results and finances	52	Group companies	204
About Ordina*	15	Information on the share	53	Independent auditor's report	205
Get to know Ordina	16	Our people*	57	Legal organogram	206
Vision and mission	18	Human Resources key figures 2018	58	Glossary of terms	207
Strategy	18	Attractive and multifaceted employer	61	GRI index	211
Business propositions	21	Working with an impairment	68	NFI reference table	215
Strategic goals	25	Works council	69		
Value creation model	28	Corporate Social Responsibility*	73		
Explanation value creation model	29	CSR at a glance	75		
		Materiality matrix	76		
		Results	78		

Chapters marked * are part of the annual report pursuant to Section 391 of Book 2 of the Dutch Civil Code.

Chapters marked ** contain the parts of the other information pursuant to Section 392 of Book 2 of the Dutch Civil Code.



CEO JO MAES AND CFO ANNEMIEKE DEN OTTER LOOK BACK ON 2018

What are your thoughts when you look back on 2018?

Jo: “Realising profitable growth is and will remain our key priority and we have made good progress on that front. In 2018, we saw a continuation of the upward trend that began in the second half of 2017. We recorded another increase in revenue and results and our five business propositions currently account for a third of our revenues. We also managed to improve our client

“The rising client satisfaction in the Benelux gives us a solid foundation to help our clients stay ahead of the changes in their sectors.”

satisfaction score. This gives us a solid foundation to help our clients stay ahead of the changes in their sectors. Plus we are pleased to see that our efforts to record growth with our own employees are now paying off. We saw the number of our own employees increase for the first time in years this past summer. That’s a good performance in such a tight labour market.”

Annemieke: “We are in good shape financially speaking. We once again had a positive cash flow in 2018. In the past period, we worked intensively as a company to be free of debt. And we succeeded, thanks to the strict management of our working capital and the improved result. It was good to see us recording growth again last year. And our returns improved considerably. However, we are not satisfied with the margins in the Netherlands. We need to take the next step on that front. We recorded a considerable improvement in 2018, but we’re not yet at the level you might expect in this market. On the basis of our strategy and execution, we will now do our utmost to make sure we continue to improve results in the year ahead.”

INTERVIEW WITH THE MANAGEMENT BOARD

Jo: “Our operations in Belgium/Luxembourg in particular performed well in 2018. And another positive development is the strong increase in revenue from the Dutch public sector. The execution of the public sector’s Digital Agenda is resulting in an increasing number of specific projects. And as a local player, Ordina is the logical partner for the execution of those projects. IT is also becoming more and more important for banks and insurance firms. As a result, financial institutions are increasingly looking to retain control of IT projects and are looking to work with local innovative partners. Our High performance teams are a very effective response to that demand in the market.

Growth with Ordina’s own employees is one of your priorities. The number of in-house employees has increased for the first time in years. Why is that important?

Annemieke: “There is high demand for our services. Our clients would prefer to see contracts filled with our own employees, simply because Ordina employees are highly trained and receive excellent support while fulfilling their tasks for our clients. The increase in the number of our own employees puts us in a much better position to meet client demand and therefore also increase the quality of our revenue.”

“We are proud of our ability to attract new staff, both young professionals and medior and senior IT experts. People have different reasons for wanting to work for us, but the main one is the fact that we have interesting and challenging contracts they can work on. We offer people the opportunity to work in multi-disciplinary High performance teams, where you learn from each other and encourage each other. The fact that you can contribute to solutions to socially relevant issues also plays a role. It is also important to offer career development opportunities with good prospects, the company needs to have a clear direction and remuneration in the form of salary, car and other secondary terms has to be in line with market averages. We can see that this is working, because our employee engagement score rose to 7.1 in 2018, from 6.8 in 2017. Employees particularly appreciate the opportunities Ordina offers and the personal and career development options. We are very pleased with this result and see it as additional spur to continue on the path we have chosen.”

“Realising profitable growth is and will remain our key priority.”



“Ordina is evolving from an excellent IT partner into a partner in digital & business transformation. We help our clients to deal with the business issues behind an IT project and we do this on a structural basis.”

Business propositions are a focal point at Ordina. Why?

Jo: “If you are involved in a wide range of organisations, like our people are, you can recognise a number of key issues. For instance, companies are looking to accelerate their services through digitalisation, plus they want to make smarter use of their data to improve their business.

They want to know how to successfully realise projects on the cutting edge of IT and business. And they want to know how they can optimise their business platforms, and how to store and make their data available securely. This is why in 2017 we bundled all our know-how and expertise around these issues in a new go-to-market model with five clear business propositions. Over the past year, we have put these business propositions clearly and firmly in the spotlight, including at events such as the Ordina Innovation days in October, and that has paid off. Our clients are increasingly aware of exactly what we do and what we stand for. Right now, around a third of our revenue comes from the business propositions and we want to expand that in the years ahead.

The traditional divide between business and IT is disappearing. That means that Ordina is evolving from an outstanding IT partner into a partner in digital & business transformation. We help our clients to deal with the business issues behind an IT project and we do this on a structural basis. That was the premise for our recent strategy update. We are IT professionals who understand our clients’ business. We are a local player, close and approachable. And thanks to our business propositions and excellent services, we can become an increasingly important partner to our clients.”

“Ordina is ahead of change.”

Ordina’s pay-off recently changed to ‘Ahead of change’. What do you mean by that?

Jo: “The steady rise of digitalisation means that the pace of change is now incredibly rapid and getting faster. What someone comes up with today has an impact on organisations tomorrow. Our clients have to respond quickly to changes in their market, to different demands on their IT environment and to new laws and regulations. And they need to make sure that the innovations available are actually used to build a sustainable edge in the market. Ordina is used to looking ahead, absorbing new technologies and quickly translating these into applications and services for our clients. In other words: at Ordina, we are ahead of change for our clients, thanks in part to our business propositions. So from now on, our pay-off is ‘Ahead of change’. And by helping our clients to navigate their digital and business transformation, we can also help them get an edge on the market, to stay ahead of change.”

Profile

MANAGEMENT BOARD



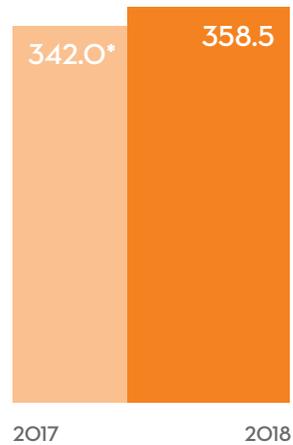
Jo Maes (1968) has been a member of the Management Board since 1 January 2017 and was appointed as CEO as per 1 April 2017, for a term of four years. He was appointed CEO of Ordina Belgium/Luxembourg and a member of the Executive Committee on 1 January 2014. In his capacity as CEO, Jo Maes is responsible for general operations, commercial affairs, portfolio management, corporate communications and legal.



Annemieke den Otter (1979) was appointed as CFO and member of the Management Board in September 2016, for a term of four years. She joined Ordina in 2013 as financial director Corporate and member of the Executive Committee. In her capacity as CFO, Annemieke den Otter is responsible for general operations, finance & control, human resources management, property & purchasing, information management, sustainability and investor relations.

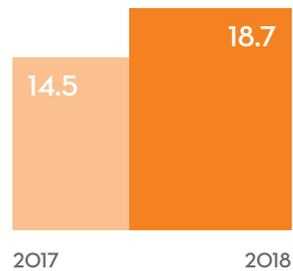
KEY FIGURES 2018

In millions of euros.

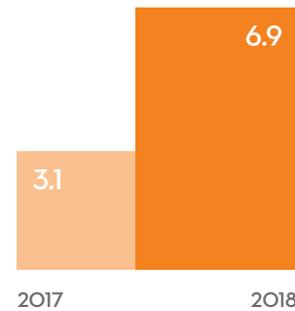


REVENUE

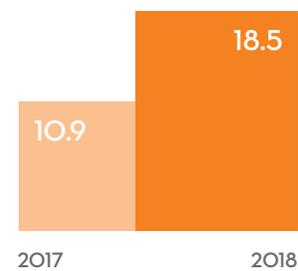
* adjusted voor de application of IFRS 15



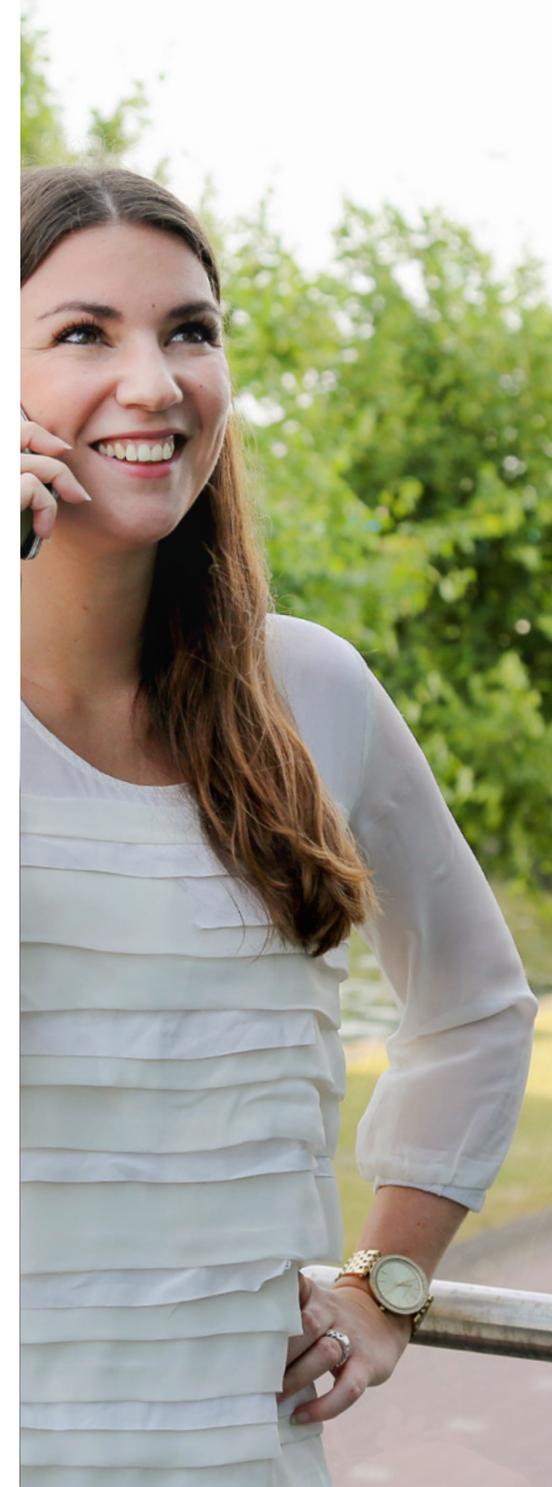
EBITDA



NET PROFIT

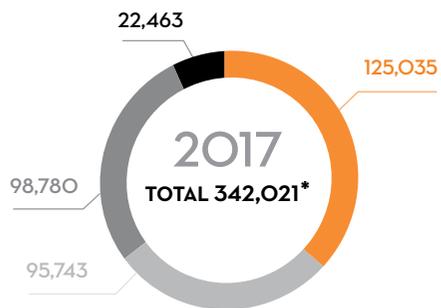
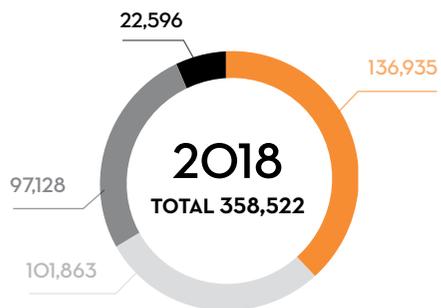


NET CASH POSITION



KEY FIGURES 2018

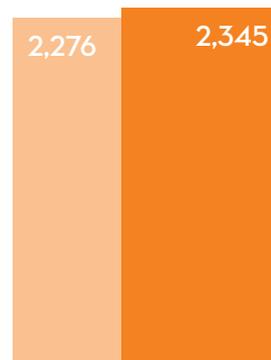
In thousand of euros, unless stated otherwise



- PUBLIC
- FINANCE
- INDUSTRY
- HEALTHCARE

REVENUE PER MARKET

* adjusted voor de application of IFRS 15



NUMBER OF DIRECT STAFF AT YEAR-END (FTE)



NUMBER OF INDIRECT STAFF AT YEAR-END (FTE)



FIVE-YEAR OVERVIEW 2014-2018

Key figures¹

In millions of euros, unless stated otherwise

	2014	2015	2016	2017	2018
Revenue	366.9	348.3	343.6	344.9	358.5
EBITDA	9.8	4.3	15.1	14.5	18.7
EBITDA margin as a % of revenue	2.7	1.2	4.4	4.2	5.2
Net profit	1.0	-3.2	5.0	3.1	6.9
Net profit margin as a %	0.3	-0.9	1.5	0.9	1.9
Net cash position	9.6	4.5	2.7	10.9	18.5
Cash generated from operations	20.1	2.6	5.6	20.0	16.8
Leverage ratio based on bank covenants	-0.8	-0.5	-0.2	-0.8	-0.9
Interest Cover Ratio at year-end	11.8	18.8	54.5	57.7	106.6
Equity	144.6	141.8	147.4	147.8	153.0
Solvency	61	60	64	64	66
Intangible assets	133.5	134.3	136.2	131.8	130.4
Tangible assets	7.1	6.5	4.7	5.0	4.9
Average DSO (Days Sales Outstanding)	48	56	55	54	55
Average DPO (Days Payable Outstanding)	59	60	61	59	55
Average number of staff (FTE)	2,884	2,884	2,709	2,560	2,542
Average number of direct staff (FTE)	2,548	2,541	2,394	2,263	2,251
Average number of indirect staff (FTE)	336	343	315	297	291
Number of staff at year-end (FTE)	2,907	2,886	2,689	2,559	2,647
Number of direct staff at year-end (FTE)	2,565	2,542	2,382	2,276	2,345
Number of indirect staff at year-end (FTE)	342	344	307	283	302

FIVE-YEAR OVERVIEW 2014-2018

Key figures¹

In millions of euros, unless stated otherwise

	2014	2015	2016	2017	2018
Number of shares outstanding at year-end (in millions)	93	93	93	93	93
Productivity (in %)	69.7%	64.9%	67.7%	68.0%	68.6%
Ordina Promotor Score (NL en BE)	65.6 and 68.0	67.2 and 84.3	72.0 and 81.3	65.3 and 54.0	69.8 and 72.2
Environmental targets CRS plan					
<i>Energy reduction per work space for electricity²</i>	-0.5%	4.5%	-3.3%	5.7%	-19.5%
<i>Energy reduction per work space for gas²</i>	-28.7%	22.5%	-2.8%	-4.9%	-27.8%
<i>Fuel reduction in liters and CO₂ exhaust fumes per car²</i>	-8.8%	-6.1%	-6.3%	-3.8%	-2.6%
<i>CO₂-reduction per FTE²</i>	-3.8%	-6.0%	-3.3%	-5.7%	-4.0%
<i>CO₂-performance ladder level 5</i>	Maintaining level 5	Maintaining level 5	Maintaining level 5	Maintaining level 5	Maintaining level 5
HRM targets CSR plan:					
<i>Diversity (scores questions employee engagement survey concerning inclusiveness)</i>	baseline measurement	6.9 and 6.6	7.1 and 6.9	7.1 and 6.9	7.3 and 7.1
Social projects CSR plan (in hours)	circa 450	circa 300	456	68	496

¹ Figures as stated in the published Financial Statements of the concerning year.

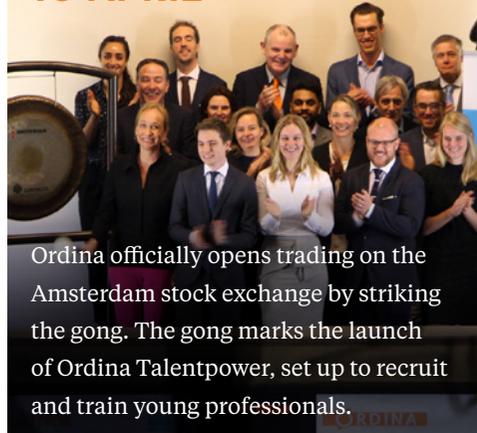
² Negative % is a reduction compared to previous year.

TIMELINE 2018

26 FEBRUARY

Ordina and Rabobank launched the development programme opsEngineers. Based in their current positions, a group of Rabobank IT-Systems employees are trained to the level of software engineer, with the aim of equipping them to take on more DevOps tasks within their teams.

10 APRIL



Ordina officially opens trading on the Amsterdam stock exchange by striking the gong. The gong marks the launch of Ordina Talentpower, set up to recruit and train young professionals.

26 APRIL

Ordina reports its first quarter results, with higher revenue and returns.

1 MAY

Ordina wins the Dutch Software testing championships 2018. The team came in second in 2017. The task involved testing a Thieme Meulenhof website, which consisted of learning and testing modules for history lessons in secondary education.

18 MAY

Ordina closed a partnership with Atlassian, supplier of tools for teams, such as Jira, Confluence, BitBucket, Trello and Bamboo. The partnership with Atlassian is a good fit with Ordina's High performance teams propositions.



29 MAY

Ordina wins the Gold Lotus Award 2018 for Uwkluis.nl in the category 'most innovative services for consumers'. UwKluis.nl is a joint initiative of Ordina and the Nationale Hypotheekbond (national mortgage union), which gives private individuals access to data from various public sector websites using a secure connection. This is a good example of the business proposition Intelligent data-driven organisations.

6 JUNE

Expansion in Belgium through the opening of the new Ordina office in Ghent. The office in Lummen was opened in the same month.

TIMELINE 2018

2 JULY

Ordina Belgium and Belgian telecom firm Proximus join forces to build IoT solutions using SAP on the basis of the business proposition Intelligent data-driven organisations.

2 AUGUST

Ordina publishes its 2018 first-half results. Improvement continued with revenue 4.6% higher at EUR 178.9 million.

9 AUGUST

Ordina Netherlands and Ordina Belgium win a gold award in the EcoVadis Corporate Social Responsibility supplier assessment. Ordina is now in the top 5% of the IT companies assessed by EcoVadis.



10/24 OCTOBER

Last year's Ordina Innovation days in the Netherlands and Belgium revolved around 'connecting and accelerating' using data. More than 850 clients, business contacts and employees were taken on a trip through the world of digital transformation, including masterclasses on the use of data and the deployment of High performance teams.

30 OCTOBER

At the Extraordinary Meeting of Shareholders, Johan van Hall is appointed as chairman of the Supervisory Board, effective 1 January 2019.

1 NOVEMBER

Ordina announces its third-quarter results. Revenue is higher and the number of own employees is growing.

19 NOVEMBER

Ordina signs a contract to help the Port of Amsterdam with the continued development of applications and the modernisation of the development and management process. The Port of Amsterdam opted to work with Ordina due to Ordina's approach, which combines modern application development with agile application management.

5 DECEMBER

Ordina announces it has won a contract to supply the Dutch Tax Office with an automation solution for the planning of customs checks. This extensive project and management contract means Ordina will be a key partner for the Dutch Tax Office for the coming eight years. The solution is an example of Ordina's Intelligent data-driven organisations business proposition.

CONNECTING AND ACCELERATING WITH DATA

ORDINA INNOVATION DAYS

In October, Ordina organised the 2018 edition of the Ordina Innovation days, which were once again a great success. We took more than 850 clients, business contacts and employees on a tour of the world of digital transformation, the world of connecting and accelerating data. The central question was: how do companies and organisations handle the huge amounts of data that come their way and how can they use that data in a smart and responsible way? The day saw presentations from inspiring speakers, as well as know-how sessions with practical examples of applied innovation.

Digital tsunami

Visionary and thought leader Rik Vera, author of the book *Managers the day after tomorrow*, gave his audience his view of how companies can accelerate in a digital world and the need for radical innovation. Vera believes new technology has triggered a digital tsunami, forcing companies to adapt their business models. The use of internet and smartphones has created a network

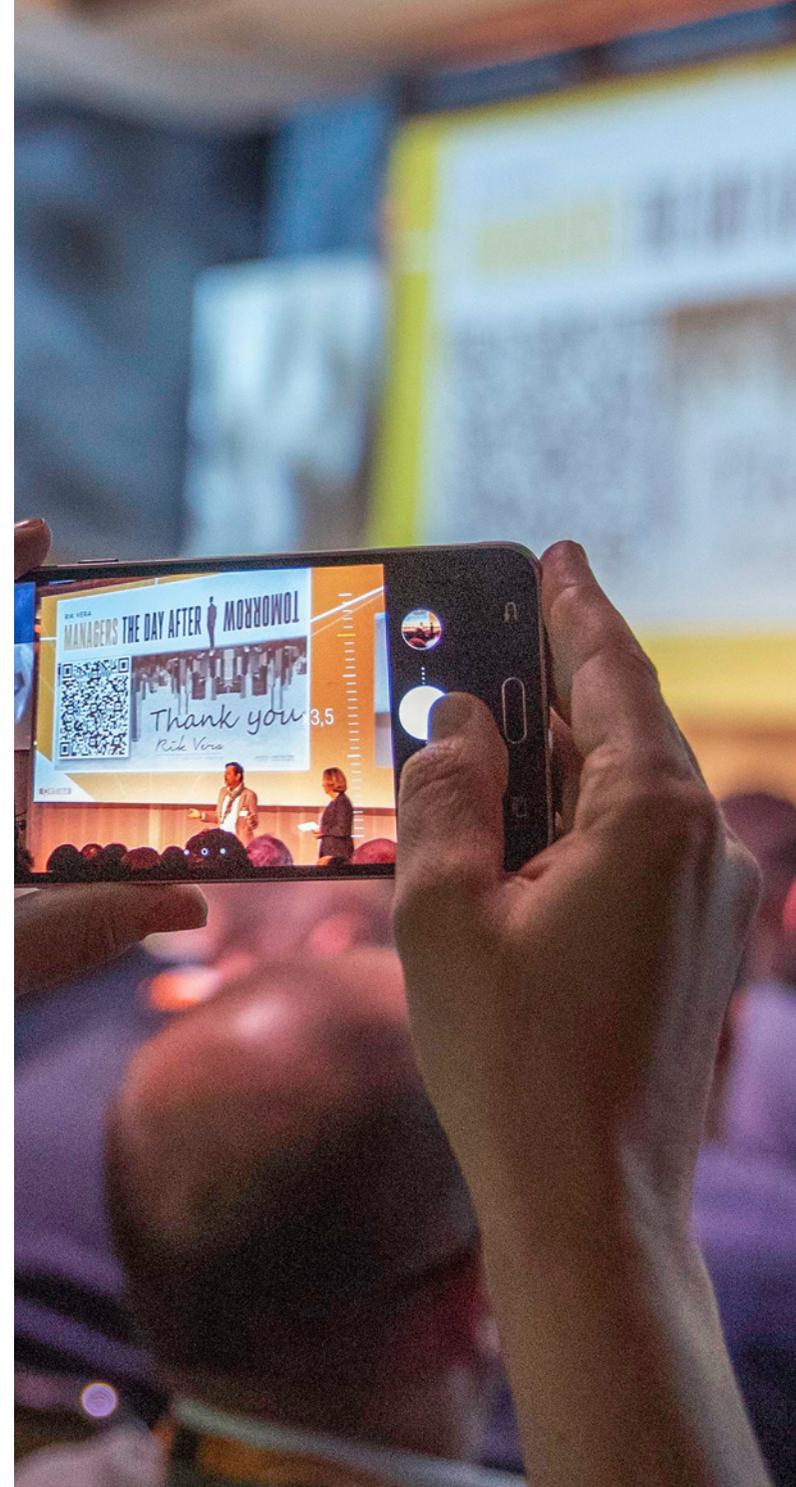
world. Everyone is connected to everyone else and companies need to adapt rapidly and flexibly to the needs of their clients.

His advice? Be agile, move quickly and recognise your clients as the centre of the universe. The link to data is clear. “Thanks to data we have the insight we need into our clients, which means we can approach them in a personal way. Because they are in charge: if they no longer buy what you’re selling, everyone will be fired.”

Vera expects the impact of the next digital revolution to far exceed that of the current digital transformation, thanks to the combination of big data, artificial intelligence and robotisation.

Data in top sports

Bernadet van Os of TeamNL (NOC*NSF – the Dutch Olympic Committee/Sports Federation) gave a presentation on data in top sports. Citing a whole host of examples, she discussed how TeamNL uses data and technology to increase the chances of Dutch athletes at



VERBINDEN EN VERSNELLEN MET DATA

ORDINA



European championships, World championships and the Olympic Games. Among the tools the NOC*NSF hopes to use is an athlete management system (AMS) and the organisation has asked Ordina to help find a supplier for this AMS. You can find a description of this project on page 71.

The six Ds of exponential organisations

Carlo van de Weijer, director of Smart Mobility at Eindhoven's TU technical university, outlined how organisations can survive in challenging times. He outlined the six Ds of exponential organisations (digitised, deceptive, disruptive, demonetised, dematerialised and democratised), which describe the six phases in the chain of technological development that cause major disruption but at the same time can generate all sorts of new opportunities.

Masterclasses

A number of Ordina experts gave a series of targeted masterclasses, which visitors really appreciated. For instance, Emiel van Bockel, owner of the business proposition Intelligent data-driven organisations, provided inspiring examples to illustrate the immense opportunities and possibilities for the use of data and deployment of High performance teams. Digital acceleration expert Jasper Jochem discussed the impact of digital acceleration and how organisations can create a digital solution or strategy that has value in an individual's daily life and work. In his session, Vincent

Meijer, owner of the business proposition Security & privacy, emphasised the importance of a proactive and continuous approach to security & privacy to be able to respond effectively to increasing security risks and stringent laws and regulations.

Concrete application of digital innovation

Visitors to the Innovation days also got a chance to acquaint themselves with concrete examples and applications of the digital innovation Ordina realises for its clients.

For instance, visitors were treated to a demonstration of the new portal Ordina developed for the Dutch Ministry of Public Works and Waterways (Rijkswaterstaat - RWS) on the basis of the Intelligent data-driven organisations business proposition. This portal enables road authorities to see how new plans they are developing will affect the Dutch road network. You can find a description of this project on page 35.

Visitors could also see how the Ordina Rail team can automatically locate train wagons carrying hazardous substances using the Internet of Things in a project commissioned by ProRail. You can find a description of this project on page 45.

In Belgium, clients such as Familiehulp, Belgium Mobile ID – the people behind 'itsme.be' – and Proximus shared their experiences during a debate.



INDUSTRY



“We were able to work with our client to give farmers access to relevant information from this data efficiently and effectively using AR.”
– Jasper Jochem,
expert digital acceleration,
Ordina



Digital acceleration

AUGMENTED REALITY TAKES DATA RIGHT TO THE BARN

HoloLens displays individual data on cows

Nedap, one of our clients in the agrarian sector, is the first company to introduce augmented reality (AR) in the dairy sector. Ordina worked with Nedap on the development of this solution on the basis of the business proposition Digital acceleration.

HoloLens

Jasper Jochem, digital acceleration expert: “The development is truly pioneering. Entrepreneurs in the dairy sector have access to unbelievable amounts of data related to the well-being and performance of their cows. But how do you take that data to the barn, enabling the farmer to do his work even more efficiently? We were able to work with our client to give farmers access to relevant information from this data efficiently and effectively using AR. This application makes use of the so-called HoloLens (a ‘smart’ headset), which provides a live display of individual information about a cow, so the farmers always have access to the right information they need to make data-driven decisions.”

Value discovery

“Working on the basis of the Digital acceleration market approach, we can determine how a client can generate more value from data in a pretty short timeframe,” explains Jasper. “We call this the value discovery. In a value discovery, we combine various mindsets, such as design thinking and lean and agile, in a unique value-driven approach. In a short period of time, generally eight to sixteen weeks, we devise and test a digital solution for the business challenge we are addressing. In Nedap’s case, what Ordina did was help to make this data comprehensible as intuitively as possible.”

The right cow data

Using this new technology, Nedap combines the real world of the farmer with digital data. The HoloLens enhances the farmer’s field of vision by providing the correct cow data at the right moment and in the right place. The farmer can order and register certain actions using hand signals or speech commands. This means that farmers can now handle technology in the most natural way and be more efficient, more productive and more successful in their work.

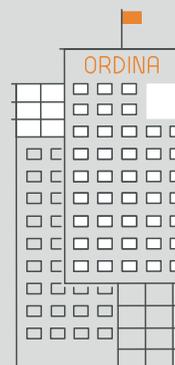
ABOUT ORDINA



ABOUT ORDINA

GET TO KNOW ORDINA

Ordina is the largest independent IT services provider in the Benelux. We focus on giving our clients a digital edge in the sectors: financial services, industry, the public sector and healthcare. We do this by devising, building and managing technological applications. Ordina helps its clients to stay ahead of the challenges and changes in their business. We operate under the names Ordina, SourcePower and Clockwork.



Ordina has been active as an IT services provider in the Benelux for more than 40 years. We closely monitor the latest technological developments and make these relevant by creating innovative business and IT applications that add value for our clients.

Ordina's head office is in Nieuwegein, the Netherlands. The company was **founded in 1973**.

Ordina shares have been listed on Euronext Amsterdam since 1987 and are included in the Small Cap Index (AScX).

VISION

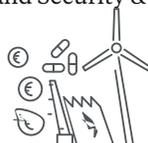
Ahead of change

MISSION

Partnerships in sustainable innovation

BUSINESSPORT FOLIO

We have focussed our business activities in five business propositions: High performance teams, Intelligent data-driven organisations, Digital acceleration, Business platforms and Security & privacy.



SERVICES

We provide our services in the form of consulting, professional services and application management.



PARTNERSHIPS

Ordina has partnerships with companies including Microsoft, Oracle, SAP, Salesforce, Mendix, Quintiq, T-Systems, Pegasystems, Hippo, Atlassian, SAS, Complions-GRC and WhereScape.



REVENUE

358.5

EBITDA 18.7
Net profit 6.9
Net cash position (year-end 2018) 18.5
In EUR millions

EMPLOYEES

2,743

(year-end 2018: 2,647 FTEs).
With Ordina in the Netherlands
and Belgium/Luxembourg

ABOUT ORDINA

Organogram Ordina

The Management Board comprises the CEO and CFO, who together also form the statutory management. The Management Board is responsible for the strategy and management of Ordina. Ordina has an executive Committee (ExCo) to ensure the daily operational management is organised as efficiently and effectively as possible. The ExCo consists of the Management Board, the director of Delivery the Netherlands, the director of Commerce the Netherlands, the director Belgium/Luxembourg, the director of Human Resources Management and the director of Portfolio & Business development. You will find the legal organogram on page 206.



Organisational structure

Ordina is active in the Netherlands and Belgium/Luxembourg. We have 1,909 employees (year-end 2018: 1,823 FTEs) in the Netherlands and 834 (year-end 2018: 824 FTEs) in Belgium/Luxembourg. The services we provide to clients in the various countries are

comparable, but there is a different balance. For instance, application management and project activities represent a greater proportion of our revenues in the Netherlands than in Belgium/Luxembourg.

In the Netherlands, the organisation consists of Delivery, Commerce and staff departments. Delivery the Netherlands and Belgium/Luxembourg provide clients with services in the fields of consulting, professional services and application management. Ordina executes these activities in both project form and other contract formats.

Our services

Our activities in the field of professional services, consulting and application management are closely connected. We regularly start with a request for advice that may lead to a project and the design, management and follow-up development of applications and systems.

Consulting

Ordina's consulting division provides clients with advice on how they can use IT to improve, accelerate and optimise their business processes. We deliver added value to our clients by connecting technical expertise with know-how of our clients' businesses. We provide solutions in areas such as strategy, business processes, business intelligence and chain integration, using existing and new technologies. We combine know-how with creativity and technology to arrive at sustainable solutions.

Professional services

We design, build and test applications for our clients. These can be out-of-the-box solutions, but we also often work with open source and tailor-made solutions. We use the latest development environments and technologies. We prefer to work with our clients in multi-disciplinary, agile and DevOps teams (High performance teams), in which we build end-to-end applications that we test and implement with all due care at our clients' companies. Our specialists are trained to operate in an agile team, in both technical and operational terms. This is how we create innovative business and IT solutions for our clients that add value and yield tangible results.

Application Management

Our application management activities are geared towards renewal, continuous development and maintenance of IT applications, (cloud) infrastructure and workspaces, on the basis of long-term contracts. In a world in which IT plays an ever-growing role and in which new developments are arriving at an increasingly rapid pace, companies must be able to rely on the stable availability of IT systems. At the core of the services Ordina provides is a guarantee of continuity, together with the certainty that the IT landscape will continue to meet evolving requirements thanks to continuous innovation. We apply innovations in a way that ensures they provide clear added value.

VISION

AHEAD OF CHANGE

Technological developments such as cloud services, the Internet of Things, digital platforms, data analytics and virtual reality are drastically changing the world in which we live and work. The pace of change is high. What someone comes up with today can have an impact tomorrow.

In our view, IT is the key to meeting new, crucial challenges that companies and organisations face. Digitalisation helps organisations perform better and remain relevant.

IT has become core business and the driving force behind innovation and a deciding factor when it comes to companies' ability to stand out in the market. At the same time, IT provides an answer to major issues in society, such as a more efficiently operating public sector, affordable healthcare and a cleaner environment.

If IT wants to fulfil that crucial role, people must be able to rely on smoothly operating and sustainable solutions. Only then can IT help people advance successfully in the ever more rapidly changing world and create long-term value.

We help our clients stay ahead of change, so they are prepared for the challenges the future will bring.

MISSION

PARTNERSHIPS IN SUSTAINABLE INNOVATION

Being able to innovate incredibly quickly, or slowly become less relevant. Many organisations are familiar with this challenge, a challenge they need to meet rapidly and effectively. They need to recognise the opportunities offered by technical innovations early in the game. The success factors in this process include utilising their own innovative strength, connecting people and organisations via intuitive technologies and implementing innovations in a secure and robust manner.

We want to forge partnerships in sustainable innovation with our clients. We invest heavily in understanding and analysing our clients' businesses, because we want to carefully apply the latest know-how and technology in the context of our clients' businesses. What we see is that the smooth running of primary processes within organisations is heavily dependent on the flexibility of the organisation's IT environment.

This means that IT projects have become fundamental change processes: a successful technical implementation depends on the extent to which existing processes, roles and employee responsibilities are able to adapt to these changes. That requires intensive cooperation, not just on the part of clients, but also from Ordina. And what that requires first and foremost is the right mindset to co-create and achieve the desired result together.

Of course, we observe the highest standards of corporate social responsibility in everything we do. It goes without saying that we attach a great deal of importance to forging sustainable relationships with our stakeholders. This is the only way we will always have the knowledge we need to use the latest technologies to be of real value to our clients, and to create long-term value. Ordina is never far away from its clients, knows the local market and local laws and regulations inside out, plus we add to this knowledge by working with partners whenever this is necessary. At Ordina, the lines to our specialists and to our managers are always short.

OUR COURSE

We have three pillars in our strategy: excellent services, specific solutions and growth with our own people.

Our clients: **focus on excellent services**

Ordina is a proactive IT and business partner with excellent services. IT professionalism is the basis of what we do and who we are. We make the issues our clients face our main priority and we take full responsibility for the end result. As a local player, we are approachable for our clients. We use our expertise and innovative strength to work with our clients and give them a digital edge.

Ordina is active in the financial services sector, public sector and the industry and healthcare markets. Our thorough knowledge of the markets and business allows us to devise solutions for our clients using a combination of technology and our business propositions.

Business portfolio: **focus on specific solutions**

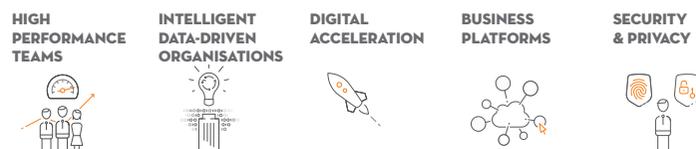
Our clients require compact projects that yield quick results. We use our five business propositions, High performance teams, Intelligent data-driven organisations, Digital acceleration, Business platforms and Security & privacy to help successfully realise projects on the cutting edge of IT and business.

We are also taking the first steps towards making our existing business portfolio reproducible and scalable. For instance, we are creating specific solutions for mortgage lenders, logistics providers or the pharmaceutical industry. We create added value in partnership with our clients.

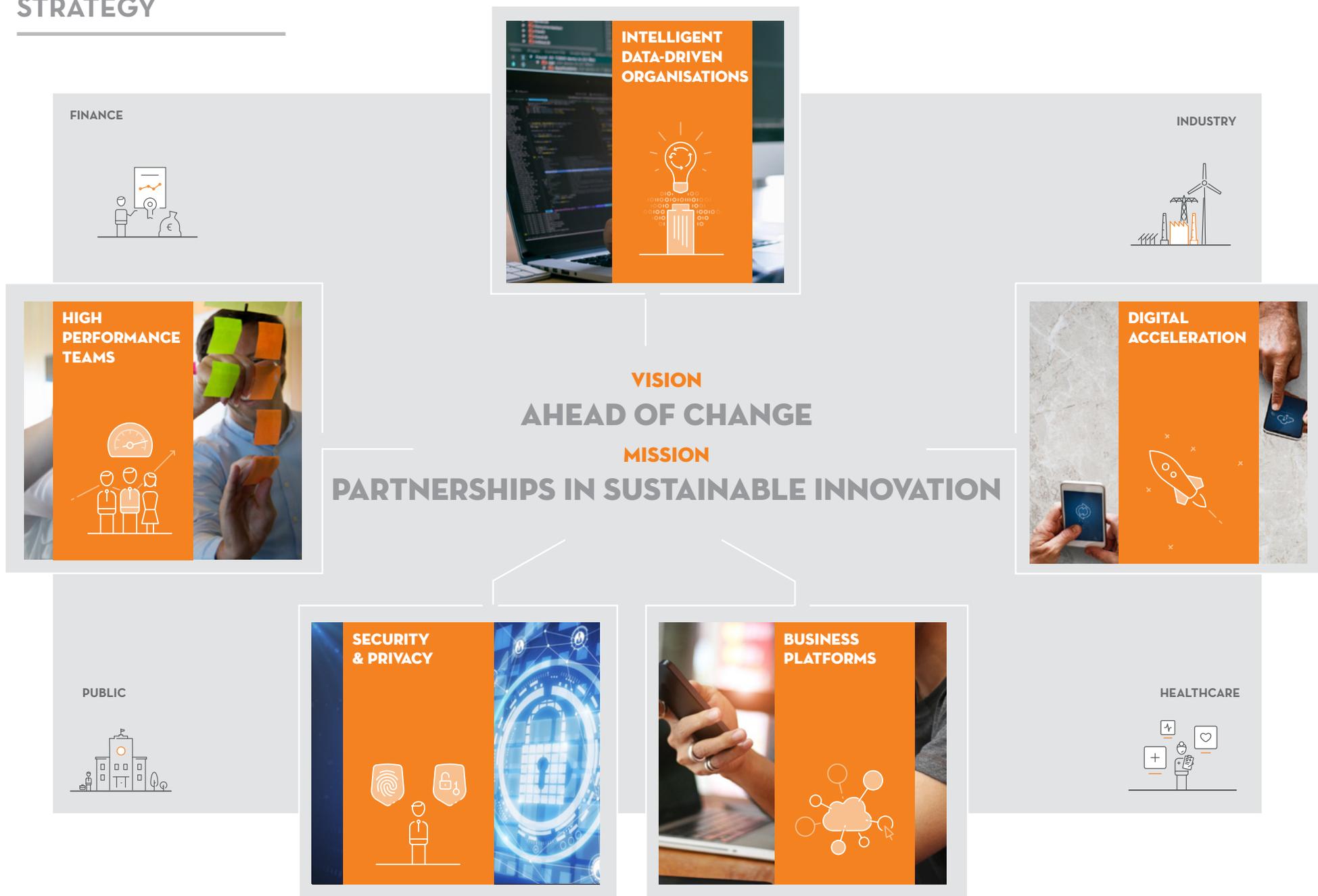
Ordina itself: **focus on growth via our own employees**

Our clients prefer us to fulfil contracts with our own employees, because of their expertise, knowledge of the market and engagement. We do our utmost to recruit new employees and continue to engage and excite our existing employees. Because Ordina is a great place to work, an attractive company for the top talents who will help us to realise our ambitions.

Ordina has its own Ordina-specific DNA, which is characterised by solid professionalism, low-threshold cooperation and how Ordina employees continuously enhance their knowledge of their clients. It is also important that every Ordina employee continues to develop in their own field of expertise, so we will truly remain ahead of the changes in our areas of expertise in the future.



STRATEGY



BUSINESS PROPOSITIONS ARE AT THE CORE OF ORDINA'S GO-TO-MARKET STRATEGY

To give Ordina a clear profile in the market, we have bundled activities in five business propositions: High performance teams, Intelligent data-driven organisations, Digital acceleration, Business platforms and Security & privacy.

These business propositions are at the core of Ordina's go-to-market strategy and show how we can help our clients to get ahead of change; how we can make organisations intelligent and data-driven and how we can realise digital acceleration. It shows what we have to offer in the field of optimising business platforms and how we safeguard security & privacy. Our High performance teams business proposition shows how we combine our know-how and expertise to arrive at compelling results.

The issues our clients face are always our starting point. We accept full control and responsibility of the contracts we execute. In co-creation with our client, we realise long-term added value for our clients and help them realise their digital and business transformation. And we offer our employees attractive projects on the cutting edge of business and IT, making Ordina an attractive employer for talented people in our sector.



BUSINESS PROPOSITIONS



HIGH PERFORMANCE TEAMS

The world is digitalising. Banks are becoming tech companies, public sector organisations are moving towards digital interaction with citizens and players in the industry sector are also deploying innovative solutions to increase value for their clients. Being able to innovate incredibly quickly, or slowly fading away. Many organisations are familiar with this challenge, a challenge they need to meet quickly and effectively. That is exactly why we have Ordina's High performance teams. These teams facilitate the rapid realisation of projects on the cutting edge of IT and business.

Our High performance teams are fully geared towards developing innovative solutions for our clients, increasing the quality of IT solutions or optimising the primary processes at our clients. These are multi-disciplinary coalitions of professionals who are highly attuned to each other and are thoroughly trained to work with all relevant technologies, from Java and Microsoft to Drupal and Pega. The value components of the business proposition are formation

(the composition of the team), facilitating (the support given to the team, including training and coaches) and evaluations (the use of metrics).

High performance teams work together on the basis of a DevOps culture. They cut the project up into manageable goals and realise these goals in short cycles. They differentiate themselves through their high level of team maturity, marked by high levels of reciprocal coaching and the constant measurement of effectiveness. Finally, Ordina's High performance teams use a fixed set of tools and business platforms to simplify processes and save time in the development process.

This combination ensures that the teams achieve their goals quickly and generate maximum client value. One positive side-effect of this approach is that these teams inspire other teams within our client's organisation, which then step up their own performance.



INTELLIGENT DATA-DRIVEN ORGANISATIONS

Organisations that can translate data quickly and consciously into valuable information and use this as a business compass perform better and remain relevant. We call this an intelligent data-driven organisation. Such organisations know exactly what is going on in their environment and are flexible enough to respond to that effectively.

Ordina helps organisations to generate the maximum value from data:

- By mapping out and reviewing the relevant internal and external data sources, making sure that our clients can collate this data and make it available to the right people in their organisation or to their clients.
- By offering our clients solutions to analyse the mix of data, to visualise same, discover new connections and to gain a deeper understanding of their own operating processes.
- By making sure our clients can capitalise on opportunities by adding data-driven applications to their IT landscape.

Ordina provides organisations with support on fronts such as data science, LinkedData, GEO-information and Supply Chain Optimisation.

The result: a more effective organisation, an outstanding client experience and the insight the organisation needs to use its adapted business model to anticipate and respond to tomorrow's world.

BUSINESS PROPOSITIONS



DIGITAL ACCELERATION

Clients and employees alike have constantly changing needs and expectations. They want access to the correct information at any time and in any place and they want to be able to use that information to communicate, make decisions, and act. That is possible, for instance, via intuitive websites, apps and other IT applications that are close to people. However, new technologies are emerging at an increasingly rapid pace. This makes it challenging for organisations to constantly innovate.

Ordina connects organisations with their clients and employees using the latest technologies. Making smart use of the likes of virtual reality, augmented reality and artificial intelligence and responding to the needs of target groups improves services and customer satisfaction. We call this Digital acceleration.

Ordina takes the following steps to realise this digital acceleration:

- As part of our value discovery approach, we combine technology and the business know-how of the client to develop new applications that create added value for the client, working on the basis of Design Thinking principles.
- We then deploy digital acceleration teams. Thanks to these multi-disciplinary teams, we can quickly move to the execution of prototypes, minimum viable experiences and minimum viable products, before moving on to rapid upscaling.
- We call the final step sustainable activation. Successful execution depends entirely on broad ownership and enthusiastic users. We make this successful execution possible by involving all stakeholders from the planning stage and making sure that these plans for digital acceleration have broad buy-in.



BUSINESS PLATFORMS

Business platforms are the foundation of every IT infrastructure. These systems are crucial to organisations. Whether this is about their operations, planning, finance or sales, they must be available 24/7 and provide the scope for value-driven innovations that improve user-friendliness, performance and effectiveness.

Ordina makes the most of business platforms. We guarantee the continuity of processes on the basis of the technical continuity of the platform. We create a balance between investment in reliability and investment in renewal of the platform. This approach ensures that systems remain up-to-date, while making sure that any investments the client has already made generate the optimum returns. And finally, we ensure that business platforms are flexible enough to move with organisations and the ecosystems in which they operate.

We have four strategies to optimise the value of a business platform:

- Simplify – A business platform must be stable. This is why we focus on robustness, flexibility, rationalisation and reducing the complexity of business platforms.
- Surround – Business platforms are the standardised core of a process. By building agile development platforms and standard business apps around this core, we help an organisation to increase the productivity and adaptability of their business platforms.
- Innovate – Ordina can create added value for its clients by linking new technological developments and working methodologies to existing business platforms.
- Smart Partnering – Together with our client, we look strategically at the partner landscape and select partners on the basis of specific needs within the business platforms. These can range from experts for the management of the legacy systems to specialists for the management and development of (multi) cloud solutions.

BUSINESS PROPOSITIONS



Everyone is connected to everything and everyone via smart devices and online channels. In addition to the countless new opportunities it creates, digitalisation also comes with a new range of threats, such as cyber-attacks and identity fraud. Stricter requirements and increasing risks demand a proactive approach on the security and privacy front. It is a challenge to choose and implement the right measures within the constraints of minimum capacity and the most efficient budget possible.

Our motto goes ‘a bit more secure tomorrow than today’. Do not immediately take an all-out approach to security & privacy, but instead increase your data security in practical ways and in phases. And do it in specific areas that are important to your organisation. And focused on actual threats.

An overall approach is necessary. This has to cover technical and organisational issues, but also staff-related aspects. Ordina’s flexible teams have the expertise to address the right priorities in every organisation.

STRATEGIC GOALS

Goals

Ordina wants to be a proactive IT and business partner with excellent services. IT professionalism is the basis of what we do and who we are. We make the issues our clients face our main priority and we take full responsibility for the end result. As a local player, we are approachable for our clients. We use our expertise and innovative strength to work with our clients and give them a digital edge. We use our professional know-how and innovative strength to take the digital lead together with our client. Ordina wants to be among the leading group in the IT sector. We aim to create long-term value via innovative solutions that are relevant and compelling to our clients and employees. To this end, we have outlined five concrete goals:

- Improved returns
- Growth
- High-grade services
- High employee engagement
- Corporate social responsibility

Improved returns

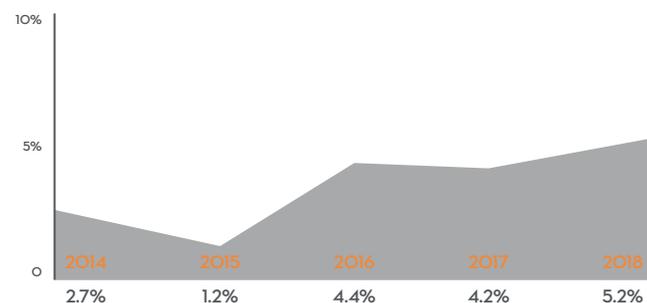
Ordina is aiming for an EBITDA margin of 7-9% to safeguard the continuity of the organisation. In 2018, our EBITDA margin was 5.2% (2017: 4.2%). We are aiming for a balanced cost structure, with low overheads, optimal productivity and availability below 10%. In 2018, productivity was 68.6% (2017: 68.0%) and our availability level was 9.4% (2017: 9.2%).

Growth

Ordina is looking to realise revenue growth by offering added value to clients in the Netherlands, Belgium and Luxembourg. We use our professional know-how and our innovative applications to gain a digital edge together with our clients. We also aim to divide our existing business portfolio into vertical markets. Our growth is generated along a number of axes and these largely determine our management agenda:

- Growth with our key clients by evolving from a reliable and knowledgeable IT partner into an IT and business partner who proactively devises innovative business solutions.
- A number one position with local mid-size clients by acting quickly and bundling our expertise to provide them with a full range of solutions and complete peace of mind.
- Growth via our own employees, enabling our enthusiastic and enterprising professionals to deliver top performances by creating optimum working conditions, which include room for personal development and the encouragement of entrepreneurship. We are also working on the development of strategic competencies by continuously enhancing and updating the expertise and skills of both our employees and our managers.

Result - EBITDA margin



We made solid progress in 2018. Revenue was up 4.8% compared to 2017. We recorded a number of successes among our large clients with our business propositions. We are also pleased with the number of new clients, including various SME clients, we were able to provide with our services last year.

As of the summer of 2018, we also noted net growth in the number of our own employees for the first time in a long while. This is of vital importance if we are to meet client demand. We will continue our efforts on the recruitment and retention fronts, with a focus on both young professionals and medior and senior IT experts.

STRATEGIC GOALS

High-grade services

Our clients are constantly raising the bar and expect more from our people and services every year. This keeps us on our toes in our continuous effort to improve. By focusing on client satisfaction, we are systematically strengthening the dialogue with our clients to make sure we continue to offer them outstanding levels of service.

Ordina uses a range of instruments for its own measurements of client satisfaction. In addition to the Ordina Promoter Score (OPS), in which we look at the likes of our portfolio, innovation and industry knowledge, we conduct a client satisfaction survey among our clients in both the Netherlands and Belgium/Luxembourg. We use this so-called Customer satisfaction index (CSI) to measure the overall satisfaction of our clients and conduct research on Ordina's image. We also ask clients to identify the strengths and weaknesses of our services, expertise and products. On the basis of these measurements, we then get together with our clients to devise an action plan to improve our services should this prove necessary.

In the Netherlands, the OPS was 69.8 in 2018 (2017: 65.3) and in Belgium/Luxembourg 72.2 (2017: 54.0). The KTI was 7.5 in the Netherlands in 2018 (2017: 7.0) and 7.6 in Belgium/Luxembourg (2017: 7.6).

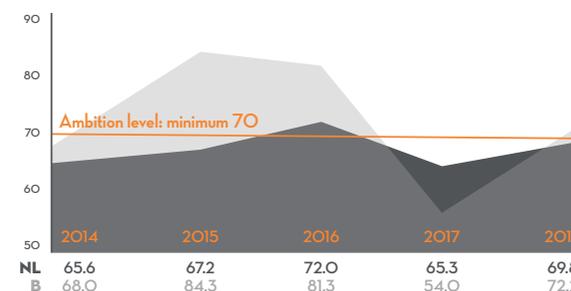
High employee engagement

Ordina is by its very nature a people company and therefore wants to remain among the top IT employers. We invest in the development, training and vitality of our employees. As an employer, we want to achieve a minimum score of 7.0 in our annual employee engagement survey. We see this as an important indicator that we are in the top quartile in the sector. We achieved this target for the first time in 2018, recording an employee engagement score of 7.1 across Ordina as a whole (2017: 6.8). In the Netherlands, this score came in at 6.8 (2017: 6.4). In Belgium/Luxembourg, this score was 7.7 in 2018 (2017: 7.7).

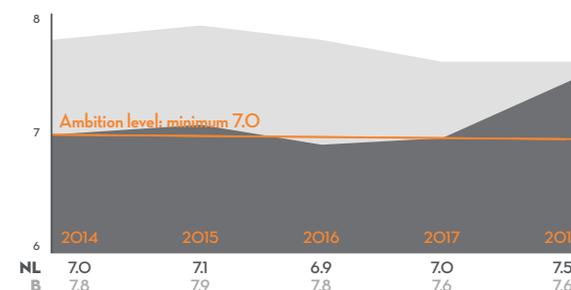
We are pleased with this significant improvement in employee engagement. Our ambition is to continue to realise an above-average employee engagement score. The survey revealed, among other things, that employees particularly appreciate the opportunities they are offered at Ordina. They are also satisfied with the development opportunities we offer.

In 2018, we once again devoted attention to the engagement of our employees in the organisation, by organising events involving our general communities, such as YoungOrdina and TrotsopOrdina (proud of Ordina), and other employee meet-ups, plus our tech communities such as the Jtech meet-ups. At these

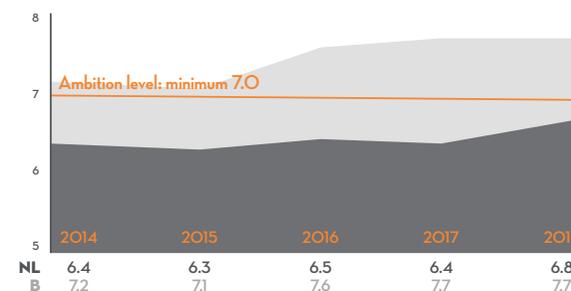
Ordina Promotor Score



Customer Satisfaction Index



Ordina Employee engagement



STRATEGIC GOALS

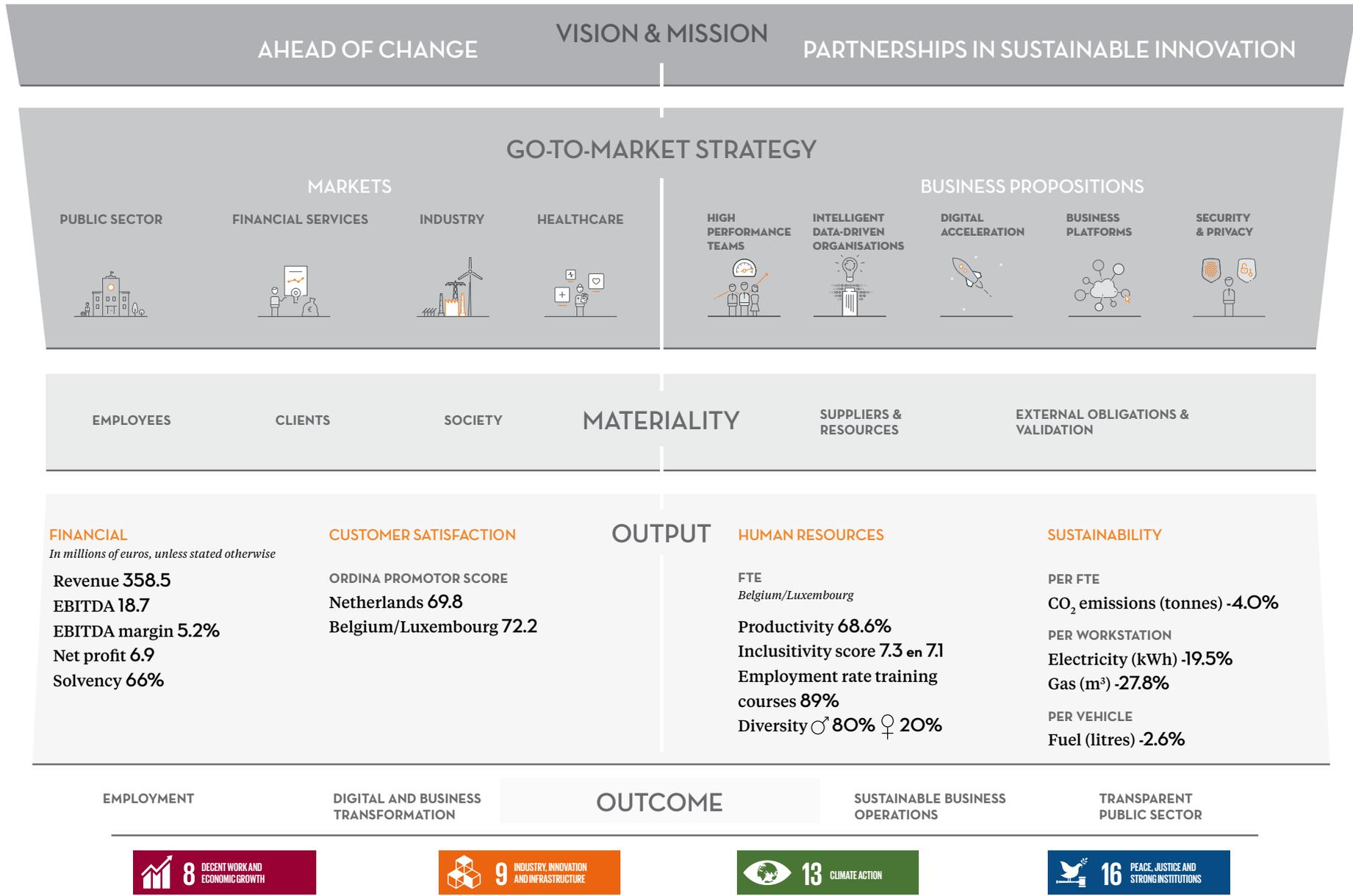
meetings, employees were given the opportunity to discuss a range of subjects with a member of the Management Board in an informal setting. Topics of conversation included the outlook for the future, recruitment and inspiring employees, the training programme and the organisation of an internal job market.

Corporate Social Responsibility

Together with our clients and our employees, we develop sustainable digital solutions that can improve people's quality of life and the world around us. In line with this vision, Ordina's CSR policy focuses on five themes: employees, clients, society, suppliers & resources and external obligations & validation. We have set concrete targets for each theme. For more information on this subject, please see the Corporate Social Responsibility section on page 73 of this annual report.



VALUE CREATION MODEL



HOW ORDINA CREATES VALUE

How Ordina's value creation model works

Ordina's value creation model shows how we translate our mission and vision to create value for the economy, the environment and society as a whole. We are engaged in a continuous and constructive dialogue with our stakeholders on the added value they can expect from us in the short, medium and long term. These conversations provide us with insight into the material themes that are driving our strategy and our execution of that strategy. These insights are the most important components of the Ordina value creation model.

Our themes (employees, clients, society, suppliers & resources and external obligations & validation and certifications) are the material aspects that are essential to Ordina's success.

Through our core activities, we create concrete output on these themes, which we report on various fronts: financial, client satisfaction, human resources and sustainability. These results are influenced by both internal processes within the organisation (the internal environment) and by external factors. These are the KPIs we use to monitor the progress we make in terms of realising our strategy and other aspects of our value creation. You will find the results measured according to these KPIs in the chapters About Ordina (page 15), Our people (page 57) and Corporate Social Responsibility (page 73).

This output translates into an outcome that is visible in areas such as Employment, Digital and business transformation, Sustainable business operations and Transparent public sector.

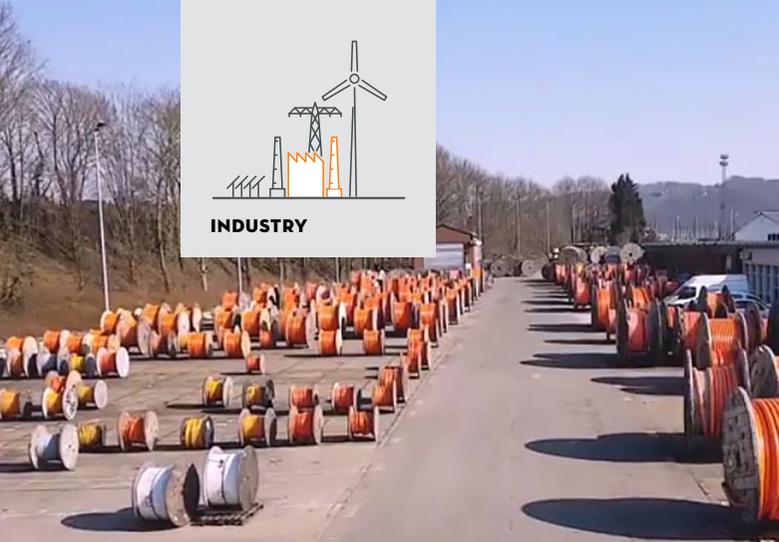
This is how Ordina contributes to the following Sustainable Development Goals (SDGs):

- SDG 8 'Decent work and economic growth': promote sustained and inclusive and sustainable economic growth, full and productive employment and decent work for all.
- SDG 9 'Industry, innovation and infrastructure': build a resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.
- SDG 13 'Climate action': take urgent action to combat climate change and its impacts.
- SDG 16 'Peace, justice and strong institutions': promote effective, responsible and transparent public institutions at all levels.

The materiality analysis also provides us with pointers on how we can monitor our contribution to these SDG.



INDUSTRY



“We now know exactly where all our reels are, which means we can serve our clients quickly.”
– Hans Schurmans,
Director Logistics Operations & Transformation, Proximus



Intelligent data-driven organisations

ALWAYS KNOW THE EXACT LOCATION OF YOUR CABLE REELS

Reel-tracking for Proximus

We wouldn't have any telecommunications without cables in the ground. That sounds logical. And yet very few people think about what it takes to put those copper or fibre-optic cables in place. Proximus knows exactly what it takes. The biggest telecommunications company in Belgium has some three billion euros worth of cables on its balance sheet. Proximus calls on partners for the laying and maintenance of this highly valuable asset. These partners in turn hire various sub-contractors to carry out the actual work. These companies receive the cables on reels.

Theft or damage

It is extremely important for Proximus to know what happens to its cable reels once they leave its central storage facility. For one, Proximus wants to be able to monitor and detect any theft or damage remotely. And the company wants to be able to monitor stocks at various sub-contractors so it can optimise its own inventory management.

Reel-tracking system

To make this possible, Ordina developed a reel-tracking system for cable reels for Proximus. Carlo Schots from Ordina Belgium: “All the cable reels are fitted with

sensors and they transmit signals continuously to the owner via the Proximus Lora network. Since this system was put into operation, Proximus can identify every single manoeuvre with the reels and gets a read-out via a dashboard. So now Proximus always knows exactly where its reels are and what is being done with them.”

Multi-disciplinary team

The Proximus project is a successful example of the business proposition Intelligent data-driven organisations. Schots notes that a multi-disciplinary team, consisting of a UX researcher and designer, an IoT specialist and several functional and technical SAP specialists, all working with Proximus and its sub-contractors, completed this project in just three months.

Serving clients quickly

“To our enormous satisfaction”, concludes Hans Schurmans, Director Logistics Operations & Transformation at Proximus: “We now know exactly where all our reels are, which means we can serve our clients quickly. At the same time, we are also optimising our own inventory management and limiting the risk of loss, damage and theft.”

OUR MARKETS

Ordina is active in four markets: the financial services sector, public sector, industry and healthcare. We help our clients to get ahead of change as they face the challenges in their sectors.

Revenue per market segment <i>In thousands of euros</i>	2017 ¹	2018	Development in 2018 compared to 2017 ¹
Public	125,035	136,935	9.5%
Finance	95,743	101,863	6.4%
Industry	98,780	97,128	-1.7%
Healthcare	22,463	22,596	0.6%
Total	342,021	358,522	4.8%

¹ 2017 figures have been adjusted for IFRS 15 'Revenue from contracts'.
Furthermore 2017 figures have been adjusted for comparison purposes due to the reclassification of a number of clients.



Market PUBLIC SECTOR

In thousands of euros



SHARE PUBLIC SECTOR
IN TOTAL REVENUE 2018

**“Thanks to our expertise
and client knowledge,
we make the difference
at our clients.”**



*Rosalie Peterse,
Ordina*



PUBLIC SECTOR

ORDINA IS HELPING TO SHAPE THE DIGITAL SOCIETY

The digitalisation of society is creating new opportunities for public sector organisations in the Netherlands and Belgium, but also involves a number of complex challenges. What do they need to do to protect personal data? How does the public sector guarantee that everyone can continue to participate in a digital society? And how does the public sector make sure that everyone has access to and understands its services? To address these challenges, the Dutch government is investing in multi-channel communications, data-driven operating procedures, a high-grade cloud environment and digital security.

Multi-channel communications

To create a multi-channel communications environment, the government is building on existing facilities to improve its services and make them more personal. One example is the modernisation of government portals, creating a single contact point for people to conduct all

their personal business with the government.

NL DIGIbeter, the collective digital agenda of all public sector bodies, describes how the Dutch government plans to digitalise society in the years ahead and make its contacts with both citizens and businesses smarter, more accessible and more personal.

Data-driven operating methods

To operate in a data-driven manner, the public sector will use the likes of big data, artificial intelligence, Robotic Process Automation (RPA) and data-driven working methods. This will allow the public sector to improve the likes of anti-fraud activities and identity data checks and to automate more processes.

Cloud environment

Creating a more flexible and adaptable public sector will require the modernisation and opening up of data platforms. This would be possible if, for instance, the government opts for an effective cloud environment in the execution and support of IT systems. At the same





PUBLIC SECTOR

“Ordina has the right expertise to help national, regional and local public sector bodies to realise their digital ambitions.”

time, we need to be able to guarantee the continuity of important public sector tasks and the security of personal and business data.

Ordina and the public sector

Ordina has the right expertise to help national, regional and local public sector bodies to realise their digital ambitions. We know how to make organisations data-driven and how to optimise basic systems. Our multi-disciplinary High performance teams achieve relevant innovations in a very short space of time.

Demand for High performance teams

In 2018, Ordina was successful in the public sector market, building on the solid basis provided by previously closed framework agreements. We realised a number of successful projects for various ministries and other government bodies in both the Netherlands and Belgium. We also extended an existing framework contract with the EU. Our High performance teams are an excellent fit with the new working methods in the public sector. If we compare today’s situation with the past, major IT projects are no longer the norm and the public sector now opts more frequently for small-scale projects. These are realised in multi-disciplinary teams that use agile and DevOps working methods to create a great deal of added value. For instance, we have deployed a large number of Ordina’s High performance teams at the Dutch national police force to accelerate digitalisation across the organisation. And another High performance team has developed the Central Vegetation Databank for Bijl12, an executive body for regional authorities on the conservation front.

In addition to the above-mentioned framework agreements and High performance teams, Ordina delivered data security services to various central and decentral public sector organisations, including ministries and independent administrative bodies. Finally, Ordina is set to deliver an automation solution for the planning of customs checks for the Dutch Tax Office on the basis of the business proposition Intelligent data-driven organisations. On the basis of this sizeable project and maintenance contract, Ordina will be a significant partner for the Dutch Tax Office for the next eight years.



PUBLIC SECTOR

“We now have an accurate picture of the road network as it is now, but also how it will look in the future.”
– *Jacco den Hollander,*
Projectmanager, Rijkswaterstaat



Intelligent
data-driven
organisations

IMPROVING THE TRANSPARENCY OF DUTCH ROAD NETWORK PLANS

New portal for road management

It is impossible to plan work on roads without an accurate picture of the current status of the road network. The Dutch Ministry of Infrastructure and Water Management and other road authorities need the right maps that also include accurate depictions of future road building projects and their – national, regional and local – consequences. Ordina’s GEO-ICT unit went to work on the basis of the business proposition Intelligent data-driven organisations and developed a portal.

Network Management Application

The road management system includes around forty small and large users: larger municipal and provincial authorities, city boroughs and the Ministry of Infrastructure and Water Management itself. These parties all delivered their information in their own way, which made it difficult to process information smoothly and effectively. In the new Network Management Application (Netwerk Beheer Applicatie - NBA), which was put into operation in late 2018, all these processes have been digitalised and streamlined much more effectively.

This portal will enable the Ministry of Infrastructure and Water Management to keep its knowledge of the Dutch road network up-to-date, ready-to-use and reliable now and in the future.

Technical challenge

According to project manager Jacco den Hollander at the Ministry of Infrastructure and Water Management, the new portal will prevent numerous errors and hassle and the technology behind this portal is revolutionary: “Everybody is now used to TomTom or Google Maps, but we are going a step further by adding time as a factor. We now have an accurate picture of the road network as it is now, but also how it will look in the future. Our horizon is 2050. When a project or a plan is postponed, this can have an impact on lots of other projects. Try maintaining an accurate overview of all that. That’s the main reason why this project was such a huge technical challenge.”

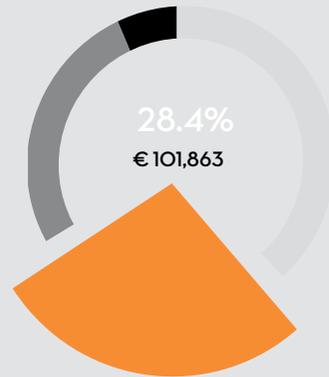
Exciting assignment

For the development of this portal, Ordina deployed a High performance team with an average of four

consultants and developers. This team worked with the Ministry of Infrastructure and Water Management on this assignment on the basis of the scrum method – in three-weekly cycles of development and testing. Ordina’s business unit manager GEO-ICT Harco de Jager saw making such a complex system with so much data both reliable and transparent as an exciting assignment. De Jager: “The system has to be able to deal with various geographical data sources, information layers and applications. Then once this information has been validated it all has to be made available in a simple and user-friendly way. That’s exactly what we managed to do.”

Market **FINANCIAL SERVICES**

In thousands of euros



**SHARE FINANCIAL
SERVICES IN TOTAL
REVENUE 2018**



**“We do our utmost
to help our clients
accelerate.”**



FINANCIAL
SERVICES

ORDINA HELPS BANKS AND INSURERS WITH THEIR DIGITAL TRANSITION

Thanks to digitalisation, the financial sector is more dynamic than it has ever been. Due to the use of new technologies, it is now possible to improve services and to make interactions with consumers more targeted and more personal. At the same time, customers' expectations just keep on getting higher due to these technologies. Via tailor-made products and services, they want digital communications with their banks to be smooth and simple. Banks, insurers, mortgage lenders and financial sector players are now focusing heavily on mobile applications that are both user friendly and intuitive.

Compliance and security

In addition to ongoing digitalisation, the financial sectors in the Netherlands and Belgium/Luxembourg are faced with ever stricter requirements in the field of compliance and security. Not only do financial

institutions have to comply with legislation and regulations; they also need to devote attention to the security of their applications and robust (risk) controls. Their existing IT infrastructure needs to be robust to guarantee that payment transactions run smoothly and to respond effectively to the numerous new forms of (cyber) crime. At the same time, existing financial institutions are confronted with increasing competition from the likes of FinTech, retail firms and technology companies. Cheaper, more flexible and more relevant

FinTech is being used to create new products and distribution possibilities that increase efficiency and improve client experience. To achieve these goals, financial institutions are turning more and more to far-reaching automation (such as IT4IT and robotics), cloud solutions, innovations like blockchain and low-code platforms.





FINANCIAL SERVICES

Ordina and financial services

Ordina helps banks and insurers to make their digital transition on the basis of co-creation and strategic partnerships. Last year, Ordina carried out various assignments for clients in the financial sector. For instance, Ordina deployed a number of High performance teams to develop mobile apps for VGZ and is helping the health insurer to set up a chatbot and to design a cloud environment. One great example of a new application is the Zorgzoeker app (healthcare finder app) built using the Mendix low-code platform. It helps insurance policy holders to pick the right healthcare provider for them.

Ordina carried out a strategic exercise at a Belgian insurer on the use of (electric) bikes and the link with mobility, health and the environment.

For KAS BANK, Ordina developed a new platform for buying and selling investment funds on the basis of blockchain. Please see page 40 for a description of this project.

On the data front, Ordina has developed a Business Intelligence solution for a bank. By combining data from various organisational units, this solution has optimised processes and enables the bank to use data reports to identify and assess commercial opportunities.

“Ordina deployed a number of High performance teams to develop mobile apps for VGZ and is helping the health insurer to set up a chatbot.”

At another bank, Ordina carried out two migrations in the mortgage domain, migrating the portfolio to the bank’s standard back office application.





FINANCIAL SERVICES

“Thanks to Ordina’s expertise, we have created a financial product that makes the market much more efficient.”
–Otto Hulst, Innovation Lead, KAS BANK



Digital acceleration

MODERN FUND MANAGEMENT VIA TOKAS

KAS BANK promises radically faster transactions

KAS BANK, was founded in 1806 and is thus one of the oldest financial service providers in the Netherlands. KAS BANK is a listed company that focuses primarily on securities transactions and securities custody. The bank only has institutional clients such as pension funds. This world is changing too. KAS BANK wants to stay ahead of the competition with a new platform for the purchase and sale of investment funds. The goal was to find a way to make transactions faster, more efficient and less expensive by reducing the number of parties involved in these transactions. Working with Ordina, the bank succeeded in doing just that with help from TOKAS, tokenized assets on the basis of blockchain technology.

Safe acceleration

The main focus of the assignment is on unlisted investment funds for now. The trade in these funds generally involves numerous intermediaries - asset manager, custodian and transfer agent. It can take up to a week for these types of transactions to be completed. TOKAS combines all the links in the chain in one platform: this means that investors do business directly

with the fund. Blockchain technology subsequently guarantees that the transaction is safe and verifiable and that it cannot be manipulated. TOKAS therefore lowers transaction costs by no less than 70% and cuts the whole process to a maximum of one day. It is even possible to effect transactions in real time.

Partnerships in innovation

For the development of this new transaction method, an Ordina team was stationed at KAS Lab, KAS BANK’s innovation centre, on the basis of the Digital acceleration business proposition. This collaborative effort was set up under the leadership of Sales Lead Finance Hassan Sabab, and the team managed to complete the assignment in just less than three months from the start in mid-2018. This was followed by a test period, thanks to which KAS BANK was able to successfully launch TOKAS at the start of 2019. Sabab is enthusiastic about the collaboration: “We worked remarkably smoothly with the KAS Lab and several companies that KAS BANK invited to take part in this innovation. We did this in complete openness under the motto ‘anything is possible’. We set up the collaboration



FINANCIAL SERVICES

on the basis of agile working methods, because we wanted to see results quickly. And it worked.”

More efficient

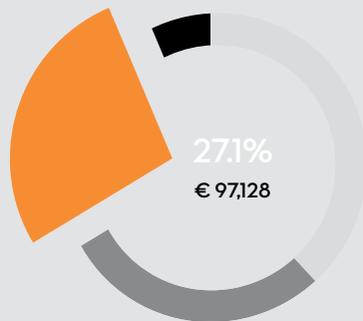
Sabab says the benefits for KAS BANK and its clients are abundantly clear: “Because all the intermediate levels have been removed, everything is more efficient, while the blockchain beefs up security.” KAS Lab Innovation Lead Otto Hulst is also happy with the result: “In the KAS Lab, we cooperate with as many parties as possible. After all, you can make the difference by learning quickly. And we believe you learn quickly by working together. Thanks to Ordina’s expertise, we have created a financial product that our clients really want, that makes the market much more efficient and puts KAS BANK on the map as an innovative bank.”



**“Blockchain
beefs up security.”**
– *Hassan Sabab,*
Sales Lead Finance, Ordina

Market INDUSTRY

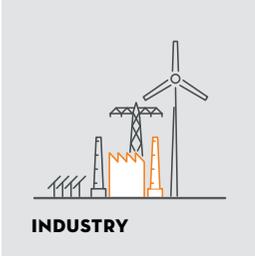
In thousands of euros



SHARE INDUSTRY IN
TOTAL REVENUE 2018

“We work in High performance teams and generate added value at our clients.”





ORDINA HELPS CLIENTS WITH INNOVATIVE SERVICES AND APPLICATIONS

The digital era offers the industrial sector new opportunities to both increase productivity and to carve out new markets and forge surprising alliances. IT innovations are helping to create new business models, more intensive client contacts and sustainable business operations. Ordina believes this requires clear choices: for centralised management of IT projects, for agile working methods and for multi-disciplinary High performance teams that prepare organisations for the long term. Ordina provides its clients with innovative services and applications with its five business propositions.

Ordina and the industrial sector

In the year under review, Ordina was involved in interesting and exciting projects for a number of clients in the industrial sector. These projects involved a number of developments that we believe will gain in importance in the years ahead.

Robotic Process Automation

Robotic Process Automation (RPA) enables companies to automate simple and routine work processes. These include processes for the likes of financial reporting or invoicing, but also major data migrations. For instance, Ordina developed a software robot for telecom provider VodafoneZiggo, which accelerated the processing of applications for telephone and internet connections from the business sector to 10 minutes from seven and half hours.

IT in the cloud

A growing number of companies are migrating their information systems to the cloud to accelerate their digital transformation and to cut management costs. On the basis of its Business platforms proposition, Ordina is currently offering industry clients ERP Simplify and ERP Surround, which help companies to simplify their IT landscape. And if clients need new functionalities quickly, then Ordina offers ERP Surround-based agile





solutions via low-code platforms Mendix or Outsystems. Ordina is currently helping Amsterdam's Schiphol Airport and the Port of Rotterdam in this development.

VR and AR

Companies are also seeing the value of applications in the fields of virtual reality (VR) and augmented reality (AR), in combination with artificial intelligence (AI). Both technologies have now matured to the extent that we are seeing the development of all kinds of business applications. These include applications in the field of training and education. Nedap worked with Ordina on the successful development of a solution using a Holo-lens. This is an excellent example of our business proposition Digital acceleration. Please see page 14 for a description of this project.

Digital experience

Thanks to the use of various digital channels, companies can now gain a better understanding of their clients and consequently serve them more effectively. Using service design and analytics and good user experience, organisations can offer their clients the right client experience and increase client loyalty. Ordina has a great deal of experience in the field of digital client experience. Clockwork, Ordina's digital engagement bureau, developed digital platforms for various clients in 2018.

Data-driven organisations

Data is the new gold, but how do companies handle the avalanche of data they gather and how can they use this data in a smart and responsible manner? Ordina helps companies to develop data-driven applications and self-learning systems. For example, Ordina is helping the Port of Rotterdam to realise its ambition to be the smartest port in the world thanks to Pronto, an application that maximises the efficiency of port visits and by doing so results in a massive reduction of the CO₂ emitted by vessels entering and leaving the port.

Another example is the Quintiq solution that Ordina has implemented for a Belgian client in the food sector aimed at streamlining the planning processes for various operating entities.

Ordina also developed an application for ProRail that gives the Dutch rail network operator an automated overview of which rolling stock is carrying what load and where they are located in the railway yard in Rotterdam's Botlek area. Please see page 45 for a description of this project.

Security & privacy

In 2018, Ordina helped various clients to increase their security and resilience using an integrated approach, incorporating technology, organisational issues and

“Ordina developed a software robot for telecom provider VodafoneZiggo, which accelerated the processing of applications for telephone and internet connections from the business sector to 10 minutes from seven and half hours.”

staff aspects. This included pen testing, threat analyses, digital identification, vulnerability scans and monitoring & analytics. But we also helped make sure organisations complied with the requirements of the EU's new General Data Protection Regulation (GDPR).



INDUSTRY

“This advanced system, with all its smart sensors and cameras, has done an excellent job.”

– Marcel van Brussel, Fire safety and Crisis management manager, ProRail



WHAT IS AT BOTLEK?

Pilot phase is very promising

In March 2018, Ordina and ProRail Innovation tested an application that gave the rail network operator an automated overview of its rolling stock parked in the Botlek railway yard. Given that quite a few goods trains full of hazardous substances were parked in the railway yard in Rotterdam’s Botlek district, this automated overview is remarkably useful. The project was a result of Ordina’s business proposition Digital acceleration.

Manually logged

Right now, the position of the goods trains is still logged manually, which is much more expensive and increases the chances of incorrect registrations. The new approach used for the Botlek railway yard could provide a solution for all railway yards in the Netherlands.

We now know where every single piece of rolling stock is located

“This application is still in the pilot phase, but the results are very promising”, says Ordina’s innovation specialist Gerard Boersema. He believes a highly complex project is ready to roll: “The rolling stock arrives from all over the place and each wagon has

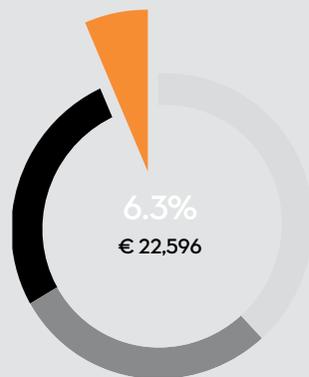
a different load and destination. The trick is to place a smart camera at the entrance and exit of the railway yard that registers wagon numbers and hazard codes from the side. We then compare those scans with the data ProRail collects on the goods traffic on the main railway lines on the basis of the departure combinations that goods transporters submit. Once they have entered the yard, the position of the wagons is logged using small wireless sensors – such as axle counters and switch meters. These combined readings give you an accurate picture of where which wagons with which loads are located.”

Refining the system

As Fire safety and Crisis management manager, Marcel van Brussel is responsible for the ProRail registration system for trains and wagons containing hazardous substances. He for one is very happy with the results. Van Brussel: “We are planning to carry out additional testing of this system at the Moerdijk yard. But based on the data that we can now see via the viewer, this advanced system, with all its smart sensors and cameras, has done an excellent job.”

Market HEALTHCARE

In thousands of euros



SHARE HEALTHCARE IN
TOTAL REVENUE 2018

**“We are used to
looking ahead and
to anticipating
changing
environments.”**





ORDINA HELPS CLIENTS SEIZE INNOVATION OPPORTUNITIES AND HELPS CLIENTS NAVIGATE CHANGE IN THE HEALTHCARE SECTOR

Ordina has a very solid reputation in Belgium on the research, development, production and logistics of medicines front and this has resulted in the very strong presence of the world's leading pharmaceutical and bio-tech (Life Sciences) companies.



Ordina Belgium/Luxembourg is active in every crucial link in the Life Sciences chain: R&D, production and sale. Ordina's high profile in the Life Sciences is primarily due to the specialised compliance services we offer to help our clients comply with the very strict legislation that applies to activities and IT systems related to research, production and logistics for medicines.

Thanks to this expertise, Ordina is able to offer combined services in collaboration with other Ordina business units, such as regulated software development and infrastructure services, and software robots that

comply with GxP (Good Manufacturing, Distribution, Laboratory, Practices). This combination of experience and expertise in Life Sciences regulations and Ordina's IT and business services makes us a unique service provider in this sector.

Digital platforms

The most significant development in the current Life Sciences market is the advent of digital platforms aimed at providing support for clinical studies. These platforms enable Life Sciences companies to accelerate the development of their medicines by running more efficient studies and providing patients with better guidance, using medical apps for instance. They can also provide their doctors with better information during their research into new medicines. These platforms have led to strong digital acceleration in the Life Sciences sector and have enabled new forms of collaboration between Life Sciences companies, hospitals and patients. Ordina can provide these companies with the



full range of digital platform products and services: design, development of apps, testing and validation of relevant legislation, together with data science services.

Dutch healthcare market

The cooperation between healthcare organisations and Ordina in the Netherlands is marked by a combination of extensive healthcare-related expertise and more technical IT expertise and skills, which enable Ordina to understand the primary processes and translate this knowledge into the right requirements for the sector. In addition to this, Ordina has a great deal of in-house change-related competencies and many years of experience in the field of business operations and strategy definition in the healthcare sector. Thanks to our drive, professionalism and proactive approach, we have managed to make a good impression on our clients at operational, tactical and strategic levels.

Care-market and social domain

In the years ahead, Ordina will focus primarily on the care market and the social domain within the healthcare sector. The most significant developments in the Dutch healthcare market are pressure on healthcare budgets, the shortage of personnel in the labour market and the changing needs of patients and clients. Ordina can provide healthcare institutions with guidance and effective advice to help them navigate these market

trends. On top of this, we have the social trend to have people live independently in their own homes for as long as possible and to not resort to specialist care immediately if more basic healthcare provisions are sufficient. This offers Ordina the chance to facilitate innovation opportunities and to guide change processes in the healthcare sector.

Projects in 2018

Ordina realised a number of projects in the Belgian Life Sciences sector last year. For example, we developed and validated an advanced track & trace system to track down fake medicines. We also built an innovative tracking system for the worldwide distribution of medicines. But we also provided services related to quality controls and business process optimisation projects in production and laboratory departments and monitoring and advice for software companies on new legislation related to fake medicines. In addition to this, Ordina was responsible for the full quality control of digital platforms that are used for the research and development of new medicines.

Ordina also executed projects for clients in the healthcare sector in the Netherlands and Belgium in the field of staff deployment through the implementation of capacity planning and the supervision of the flexible deployment of staff. On the back of changes in

“Ordina developed and validated an advanced track & trace system to track down fake medicines.”

legislation, Ordina also did a lot of work for clients on the privacy front. And we executed a number of projects in the field of making operating processes smarter and integrated business processes in healthcare institutions.



“Ordina really understood what we needed and customised this application to create an efficient and effective tool that provides our employees with support every single day.”
– *Griselda Symons,*
Director IT strategy, Familiehulp



Intelligent
data-driven
organisations

SMART PLANNING FOR HOME CARE

Tailor-made services for clients and employees

On the basis of its Intelligent data-driven organisations business proposition, Ordina helped home care organisation Familiehulp (family help) to optimise its work planning via the development of an advanced home care planning system. This system improves the efficiency and flexibility of the organisation’s work planning, but also improves the services to clients and the satisfaction of its employees.

Complex planning

Familiehulp is one of the largest healthcare providers in Belgium. The organisation has 12,500 employees and provides care for more than 60,000 clients, divided across 18 regions in both Flanders and Brussels. Familiehulp provides home care, support and household help, and operates a number of day-care centres and day nurseries. Staff planning in such a large organisation is always complex. After all, when you schedule in staff, you have to take into account numerous factors, such as regulations, the care needs of clients, the desired expertise, but also the availability and competencies of the employees. The organisation also cooperates with other healthcare providers. So drawing up logical

schedules and devising efficient routes for employees is no simple matter.

Quintiq planning software

Familiehulp thought its planning could be better. The organisation wanted to improve the efficiency of its planning but also to improve it in such a way that both employees and clients felt they were better served. Ordina’s Supply Chain Optimisation (SCO) experts adapted the Quintiq Workforce Planner to Familiehulp’s requirements. This was no simple matter, says SCO director Wouter Tielemans: “Healthcare is in itself a highly complex matter; wishes and needs differ, but also who can do what and where. Plus it involves a lot of part-time contracts.” The project included the complete digitalisation and thus acceleration of the planning. It is now a lot easier to input and register last-minute changes – in real time. It is also a lot easier to monitor individual employees’ performance.



Additional support

In just three months, Ordina helped Familiehulp to launch the Homecare Planning Solution (Thuiszorg Planning Solution - TPS) in all 18 regions. To help facilitate this, Ordina also developed a special e-learning platform. Via this platform, around 500 employees across all the regions were given their TPS training and given additional training in the use of the system. Finally, Ordina is managing the application. Tielemans is very pleased that Familiehulp entrusted this complex work planning puzzle to Ordina: “Given our expertise and experience, we are in a position to adjust this solution very precisely to the specific requirements of Familiehulp and to integrate it fully into the existing IT landscape.”

Good example

Others follow a good example. After we had helped Familiehulp, other Belgian healthcare providers came knocking at Ordina’s door looking for the same solution. This came as no surprise to Tielemans: “Applying this kind of solution, you both give your clients high service levels and create the opportunity to continue your growth as a healthcare partner.”

Director IT strategy Griselda Symons at Familiehulp agrees: “To be able to meet the future expectations of our clients, the bar is high. The socialisation and commercialisation of healthcare, technological

developments and the shortage of helping hands in the healthcare sector are the challenges we face. This is why we chose the Quintiq Workforce Planner, which met all our requirements in terms of flexibility, integratability and support. Ordina really understood what we needed and customised this application to create an efficient and effective tool that provides our employees with support every single day.”

“Familiehulp is fully integrated into the existing IT landscape.”
– *Wouter Tielemans, SCO director, Ordina*



FINANCE



Result

EBITDA (after redundancy costs) came in at EUR 18.7 million in 2018 (2017: EUR 14.5 million). The EBITDA margin was 5.2% (2017: 4.2%). Redundancy costs were EUR 2.5 million in 2018 (2017: EUR 5.9 million). Belgium/Luxembourg had one extra workable day in 2018 (2018: 251, 2017: 250). In The Netherlands, the number of workable days was 254, unchanged from 2017. In the Netherlands, we recorded EBITDA of EUR 6.5 million (2017: EUR 5.7 million). In Belgium/Luxembourg, the EBITDA came in at EUR 12.1 million (2017: EUR 8.8 million).

The net profit for 2018 was EUR 6.9 million (2017: EUR 3.1 million). The net profit was negatively impacted by an impairment of the deferred tax assets as a result of the changes in the Dutch corporate income tax rate for future years (impact around EUR 2.2 million). In 2017, the net profit was affected by a number of one-off items in the operating result and depreciations, which together had a positive impact of around EUR 1.0 million.

At year-end 2018, we conducted the annual impairment test, which did not result in any impairment. The headroom of the cash-flow generating unit the Netherlands had increased when compared to end-2017. We also reviewed the valuation of the deferred tax assets. The Financial Statements provide more detailed information on the impairment test (note 7.6) and the deferred tax assets (note 10).

Net cash development full year 2018

Rounded in millions of euros



EBITDA per segment

In thousands of euros and %

	2017	2017 ¹	2018	2018
The Netherlands	5,697	2.3%	6,512	2.5%
Belgium/Luxembourg	8,833	9.8%	12,149	11.9%
Total	14,530	4.2%	18,661	5.2%

¹ 2017 figures have been adjusted for IFRS 15 'Revenue from contracts'.

Cash flow

At year-end 2018, Ordina had a net cash position of EUR 18.5 million (year-end 2017: EUR 10.9 million). This improvement in the cash position was largely driven by the higher cash flows from operating activities. This came in at EUR 16.8 million in 2018 (2017: EUR 20.0

million), on the back of improved results and strict working capital management. In the first quarter of 2018, Ordina made a payment of around EUR 3.2 million concerning the VAT correction on private lease car use in previous years.

Information about Ordina's share

Ordina's shares have been listed since 1987. We attach great importance to a good relationship with our shareholders. We inform our shareholders, investors and the market in a transparent manner about the company's strategy, developments at clients, personnel developments and the company's performance. The Management Board, together with the Investor Relations Officer, maintains contact with shareholders and analysts. We provide our shareholders with all the relevant information they need through our annual report, interim reports, trading updates, the General Meeting of Shareholders, press releases and our website. We also publish our presentations for analysts on our website, including audio webcasts, plus we organise analyst meetings twice a year. This is how we ensure that we provide the most complete picture possible of the developments at Ordina.

Stock exchange listing

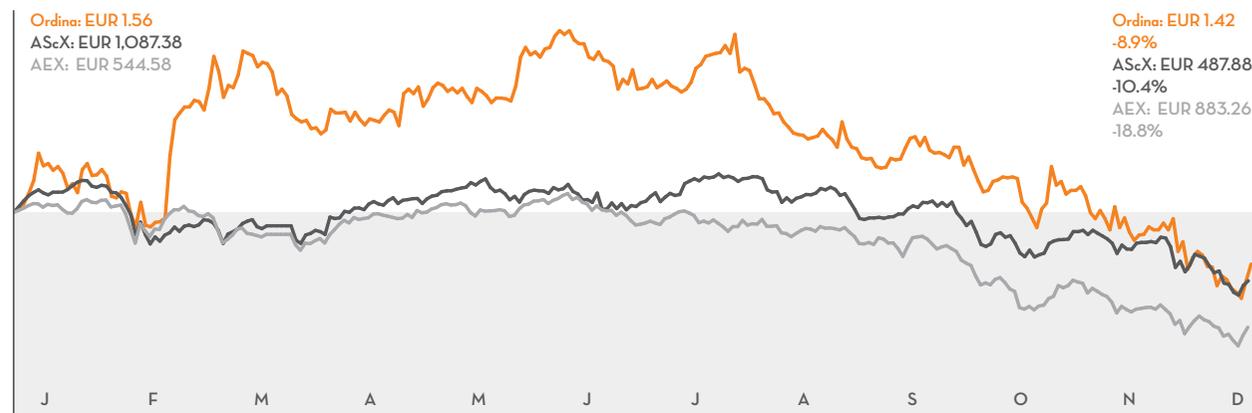
All outstanding ordinary shares in Ordina N.V. are listed on the Euronext Amsterdam stock exchange. Ordina N.V. shares are traded on the Small Cap Index (AScX) of Euronext Amsterdam.

Share capital

The total number of outstanding shares stood at around 93.3 million shares at year-end 2018. At year-end 2018, there were no outstanding preference shares and there

Share Price Development 2018

Change in % compared to December 31, 2017



Results per share

In euros

Per-share information

	2014	2015	2016	2017	2018
Equity	1.56	1.53	1.58	1.58	1.64
Cash flow from operations	0.22	0.03	0.06	0.21	0.18
Net earnings per share	0.01	-0.03	0.05	0.03	0.07
Net earnings per share fully diluted	0.01	-0.03	0.05	0.03	0.07

was one outstanding priority share. No new shares were issued in 2018. We refer you to page 116 of the chapter on 'Provisions of the Articles of Association' for an explanation of how this priority share works.

Voting rights

Each listed ordinary share in Ordina N.V. entitles the holder to one vote.

Share price development

The Ordina share price declined by 8.9% in the course of 2018 (2017: decline of 25.8%). Ordina shares were trading at a price of EUR 1.42 on 31 December 2018 (year-end 2017: EUR 1.56). The Small Cap Index closed the year 18.8% lower than at the end of 2017. The volume of Ordina shares traded in 2018 came in at an average of 363,257 shares per day (2017: 436,999).

Act on the disclosure of major holdings in listed companies

Within the framework of the Dutch act on the disclosure of major holdings in listed companies (Wet melding zeggenschap in ter beurze genoteerde vennootschappen), Ordina received the following notifications last year (situation at year-end 2018):

Shareholding 15% to 20%:

– Mont Cervin Sàrl

Shareholding 5% to 15%:

– Teslin Participaties Coöperatief,

– Lazard Freres Gestion SAS,

– Dimensional Fund Advisors

Shareholding 3% to 5%:

– Acadian Asset Management

We refer you to the Ordina website for an overview of the most recent notifications, or alternatively to the register of ‘substantial holdings’ on the website of the Dutch Financial Markets Authority AFM.

Shareholdings members of the Management Board at year-end 2018

Jo Maes: 67,878 shares

Annemieke den Otter: 16,324 shares

Shareholdings members of the Supervisory Board at year-end 2018

Jan Niessen: 14,425,967 shares (held via Mont Cervin Sàrl)

Dirk Anbeek: 35,000 shares

AGM

The General Meeting of Shareholders (AGM) took place on 26 April 2018. On 30 October 2018, Ordina held an Extraordinary General Meeting of Shareholders (EGM). For an overview of resolutions adopted, please see the minutes of the meetings on the Ordina website.

Dividend policy

Ordina changed its dividend policy in 2018. The previous policy provided for a dividend payment of 35% of the net profit. Starting in 2018, the dividend policy provides for a dividend payment of 40-60% of the net profit, on the following conditions: i) a solvency ratio of at least 35% in the year under review, ii) a historical net debt/adjusted EBITDA ratio of less than 1.25 in Q3 and Q4, and iii) the future net debt / adjusted EBITDA ratio in Q1 and Q2 is less than 1.25 (after dividend payment). The basic premise is to safeguard healthy balance sheet ratios and to ensure the continuity of the company.

Investor Relations

Ordina believes it is important to be transparent and accessible for its shareholders, to give investors the best possible basis to make an informed assessment of the value of the company’s shares and of the company itself. Maintaining an active and open dialogue with shareholders, analysts and banks helps Ordina to increase the visibility of its share among institutional and private investors.

We regularly organise roadshows in Amsterdam, London and Paris.

4 April 2019	General Meeting of Shareholders
25 April 2019	Trading update Q1
1 August 2019	Publication interim results 2019
31 October 2019	Trading update Q3
13 February 2020	Publication annual results 2019
2 April 2020	General Meeting of Shareholders



PUBLIC

“What we are waiting for is the moment the police report is digitally born.”

**– Peter de Beijer,
product line manager Cloud,
Big Data and Internet,
Dutch National Police**



High
performance
teams

DUTCH POLICE FORCE DIGITALISING AT HIGH SPEED

Digital case files set to replace kilometres of paper

The Dutch National Police force is digitalising its processes and is doing it very quickly. Peter de Beijer is product line manager Cloud, Big Data and Internet in the force’s IT department. He explains how his teams are working and how Ordina is helping him in this digitalisation project.

“In 2003, the police force started a very painstaking process to develop technology to do something with all the data from the internet,” says De Beijer. Now, some 15 years later, large numbers of police officers are working intensively with a wide range of big data IT solutions that are being developed in a private cloud environment of 700 to 800 servers.

Open source

And digitalisation is continuing. De Beijer’s colleagues, all of them highly familiar with scrum, DevOps and agile, are working with external teams on the digitalisation of very time-consuming police processes. This includes the digital case files, the realisation of a future-proof big data platform and using intelligent analysis to support incident handling both on the street and in the force’s control rooms.

De Beijer relies entirely on open source software in this process: “I want us to continue to develop in a transparent manner and also keep all our options open. This is how we constantly expand our know-how and expertise: we’re on top of every programming language and big data framework. And because we’re using open source software, we are completely transparent, and everything we do is verifiable. We allow others to review what our software does with what is frequently highly sensitive data. This process accelerates the innovation process and allows me to embed the innovation in our systems in a more sustainable manner.”

Digital case files

Ordina has been working with the police force on the basis of its High performance teams business proposition. One of the nine processes Ordina worked on in 2018 was the development of the digital case file. “Working with the IT teams on the product line, in less than four months our team delivered a working first version. This was quickly followed by a second more extensive version that was ready for production before the end of the year,” says Annet Treur, Ordina’s Police



PUBLIC

account director. “This will offer all kinds of benefits in the long run. Right now, the judicial process requires endless kilometres of paperwork, but digitalisation will make the exchange of information in the criminal justice chain a lot more efficient. You can also enhance it using various media: you can transcribe a police interview, but you can also make it available in audio or video at the same time.” De Beijer: “What we are waiting for is the moment the police report is digitally born, with all relevant information recorded and marked immediately via a smartphone. I also expect digitalisation to go way beyond case files, to cover the entire criminal justice chain.”

“In less than four months our team delivered a working first version of the digital case file.”

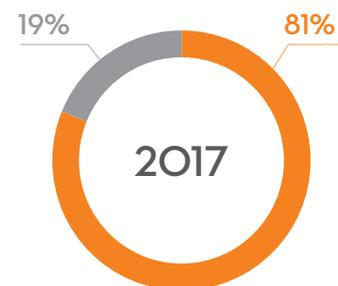
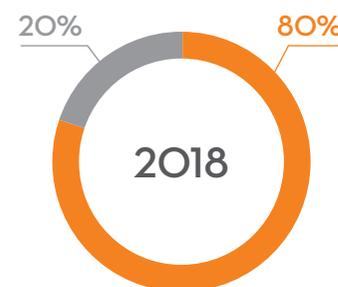
**– Annet Treur,
Police account director,
Ordina**



OUR PEOPLE



HUMAN RESOURCES KEY FIGURES 2018



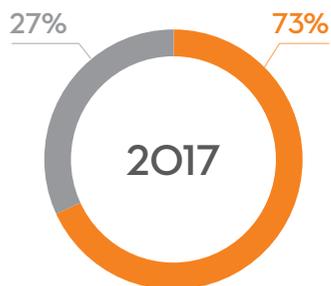
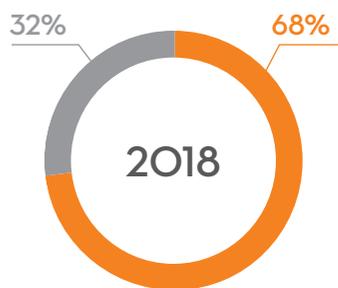
● MALE
● FEMALE

MALE/FEMALE
RATIO TOTAL
(AT YEAR END)



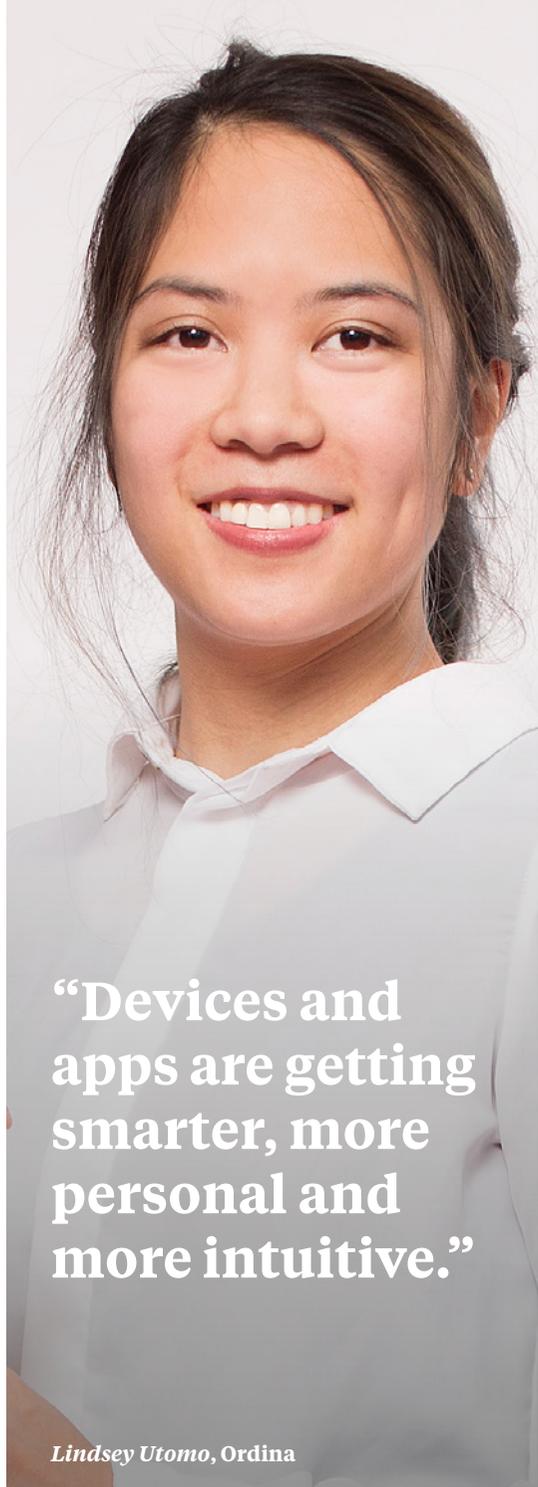
**“Guaranteeing
continuity
during renewal
processes.”**

Daniël Peterse, Ordina



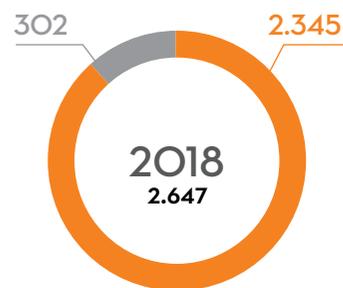
● MALE
● FEMALE

MALE/FEMALE RATIO
IN MANAGERIAL POSITIONS
(AT YEAR END)



“Devices and apps are getting smarter, more personal and more intuitive.”

Lindsey Utomo, Ordina



● DIRECT
● INDIRECT

NUMBER OF EMPLOYEES IN FTE'S
(AT YEAR END)



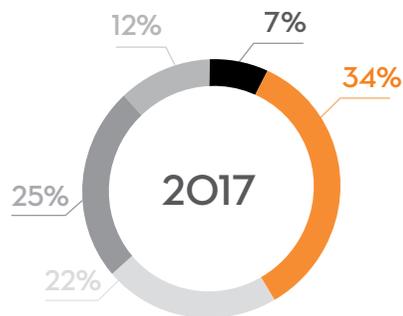
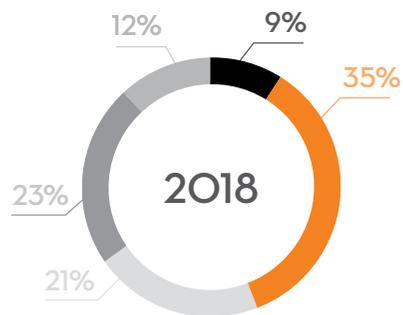
“Effective cooperation in High performance teams.”

Kevin Budding, Ordina



“Ordina is ahead of change.”

Jurjen Abbink, Ordina



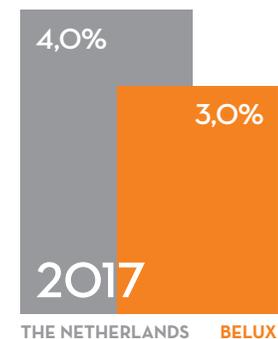
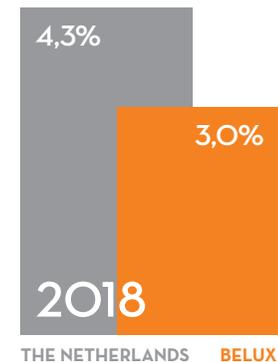
- 25 YEARS AND YOUNGER
- 26-35 YEARS
- 36-45 YEARS
- 46-55 YEARS
- 56 YEARS AND OLDER

AGE COMPOSITION (AT YEAR END)



“Increasing risks demands a proactive approach to security”

Laura Callewaert, Ordina België



EMPLOYEE ABSENTEEISM RATE

ATTRACTIVE AND MULTIFACETED EMPLOYER

Ordina realises its growth primarily thanks to the know-how and engagement of its own employees. They deliver the added value our clients expect from us. Using the slogan 'Great Place to Work' Ordina wants to be an attractive and – even more importantly – multifaceted employer for the Ordina employees who make the difference for our clients every single day.

Development

Ordina helps its clients to adapt constantly to a changing environment. We play a key role in IT and business transformations. That demands strong technological competencies from our employees. At the same time, they increasingly need know-how and in-depth insight into the business of our clients, together with sector-specific expertise. And finally, our employees need to have the tools and interpersonal skills to carry out their work efficiently. It is vital to keep knowledge of new technologies up to date via permanent education. Our

professionals are evolving from technology specialists into multifaceted consultants who act in a broad range of contexts. Ordina makes considerable investments in the experience, know-how and expertise of our professionals at every level and in every stage of their careers, because we are convinced that that is the way to create value in the short and the long term for both our clients and our employees.

Young professionals

We recruit and train young people ourselves, which enables us to respond more effectively to shortages in the labour market. And meet the needs of our clients and respond effectively in areas where know-how is still scarce. At Ordina the Netherlands, young talents 'land' in the new unit Ordina TalentPower, which we set up in early 2018 (see interview in box on page 65), and enter the associated Young Professionals programme.

In Belgium/Luxembourg, we have the Kickstarter programme. This involves a series of seminars and

training courses developed by senior Ordina consultants and takes a total of 15 days to complete. The Kickstarter programme is aimed at providing the novice software developer with a broad range of skills, as well as deeper insights into the various technologies and best practices.

In these programmes, Ordina develops the Ordina DNA from the very start of someone's career: in addition to thorough knowledge of (at least) one specific area of IT, we want our employees to be creative, innovative, solution-focused and communicative. They also need extensive knowledge of the business, a strong personality, the ability to cooperate effectively in agile teams and to do so proactively, while being alert to commercial opportunities and self-reliant. These attributes are indispensable in every Ordina project.

Campus Recruitment

In 2018, Ordina focused strongly on Campus Recruitment. This is a highly effective method to interest young talents in Ordina during their education. In 2018, we organised two in-house days and some 140 students visited Ordina and learned about who we are and what we do. We organise selection days to determine which of the candidates is actually offered a contract at Ordina TalentPower. Ordina TalentPower hires only the best. The Campus Recruitment team now has warm relationships with a number of universities and colleges. In 2018, Ordina employees gave 16 lectures or lunch presentations to a total of some 350 students.

Graduation campus

In 2018, 32 students took part in the Graduation campus (Afstudeercampus) at Ordina. With their graduation in sight, starting in February and September 2018, they took part in a six-month project at the company in the Netherlands. At Ordina, they gained relevant work experience and worked on projects, sometimes with other students. The most successful candidates are given the opportunity to start work at Ordina TalentPower and participate in the YP programme. For more information about the graduation campus and some recent graduation projects, please visit: www.ordina.nl/afstudeercampus/.

High Potential programme

In October 2018, Ordina launched a High Potential programme, giving young talents – with the potential to become future leaders – the opportunity to participate in a challenging and intensive programme. A total of 12 talents (six from the Netherlands, six from Belgium) were selected for the programme. We plan to select a new group of young talents for the programme once every two years. The programme is aimed at both managers and technical specialists.

Ordina Academy

The Ordina Academy is a symbol of the open learning culture within Ordina, in which the pleasure of learning takes centre stage. The Academy gives our people the opportunity to develop both professionally and personally. The Academy provides training courses aimed at helping people to gain and increase their IT expertise and personal competencies. We believe it is important that our professionals continue to develop and that they have the ability to adapt constantly to rapidly changing circumstances. The training courses are innovative and inspiring and the focus is on immediate and sustainable applicability of the skills and expertise they acquire. Our trainers are all professional experts with experience in the field.

We ensure optimum exchange of know-how by using the latest training resources and educational methods.

That means we are continuously looking for the best mix of offline and online methods. This opens up our training courses to all our colleagues who are deployed at clients and do not visit Ordina offices every day. We are aiming to reduce the number of physical training meetings, so participants can cut down on their travel. And in combination with traditional teaching methods, we use E-learning, webinars and apps to provide so-called blended learning. Our employees engaged in a total of more than 120,000 hours of training and education in 2018.

Programmes for professionals

Ordina believes it is vital that our employees are future-proof so they can excel at our clients. Because that is where we deliver our added value, where we make the difference. In 2018, Ordina launched training programmes for professionals at each business unit. These programmes are aimed at developing hard technical skills and soft skills.

As part of that same drive, in 2018 we also launched a training programme for professionals with a clear focus on the five business propositions. The overall goal is to actually realise the five business propositions - High performance teams, Intelligent data-driven organisations, Digital acceleration, Business platforms and Security & privacy – at our clients. This programme covers a wide range of themes and gives our

OUR PEOPLE

professionals the opportunity to attain the appropriate levels for the various propositions. The specific content of the programmes is obviously driven primarily by the business propositions themselves.

Recruitment

The tight labour market once again proved a challenge for Ordina in 2018. The market is particularly tight when it comes to young IT talents. There are 17,500 juniors with less than four years of work experience to fill 66,000 vacancies. This means that each junior has a choice of about four vacancies. The demand for employees at medior and senior level also far outstrips the number of available candidates.

In this volatile employment market, it is vital that Ordina strengthen its brand as an employer and increase its visibility in the market. We devoted considerable attention to that effort in 2018.

Since 2017, Ordina has run specific employer branding campaigns to boost the strength, visibility and recognition of its brand among IT professionals. We ran two successful campaigns in 2018.

Campaigns

In the 'You learn more in Teams' campaign, Ordina focused on novice professionals. The campaign stood

out in the Netherlands thanks to a huge banner emblazoned with the words 'We are a Team Building' on our head office beside the A12 motorway in Nieuwegein. The autumn campaign 'Enrich your data career – Ordina connects and accelerates' was aimed primarily at medior and senior professionals who want to work in the field of intelligent data-driven organisations.

Growth with our own employees

One of our top priorities is growth via our own employees, to ensure that we can retain know-how and experience for our clients in the longer term. We need to be ever more inventive to successfully recruit new employees. We have made recruitment a joint priority by making smart use of Ordina's networks and joining forces to demonstrate Ordina's attractiveness as a local market leader with short lines of communication, broad career opportunities and a people-focused culture.

Managers and teams alike are actively involved in our recruitment drive. This is rooted in the notion that Ordina can have more of an impact as a collective than the recruitment team alone. And we have made sure our employees have an added incentive to recruit new colleagues, by (re)introducing an internal referral programme that rewards them for bringing in a successful candidate.

Result

All our efforts have paid off in 2018. Last year, we recruited a record number of direct employees in the Netherlands and Belgium/Luxembourg: 235 young professionals and 401 medior and senior IT professionals. At the end of the year under review, Ordina had 2,428 direct employees or 2,345 FTEs (2017: 2,354 employees, 2,276 FTEs).

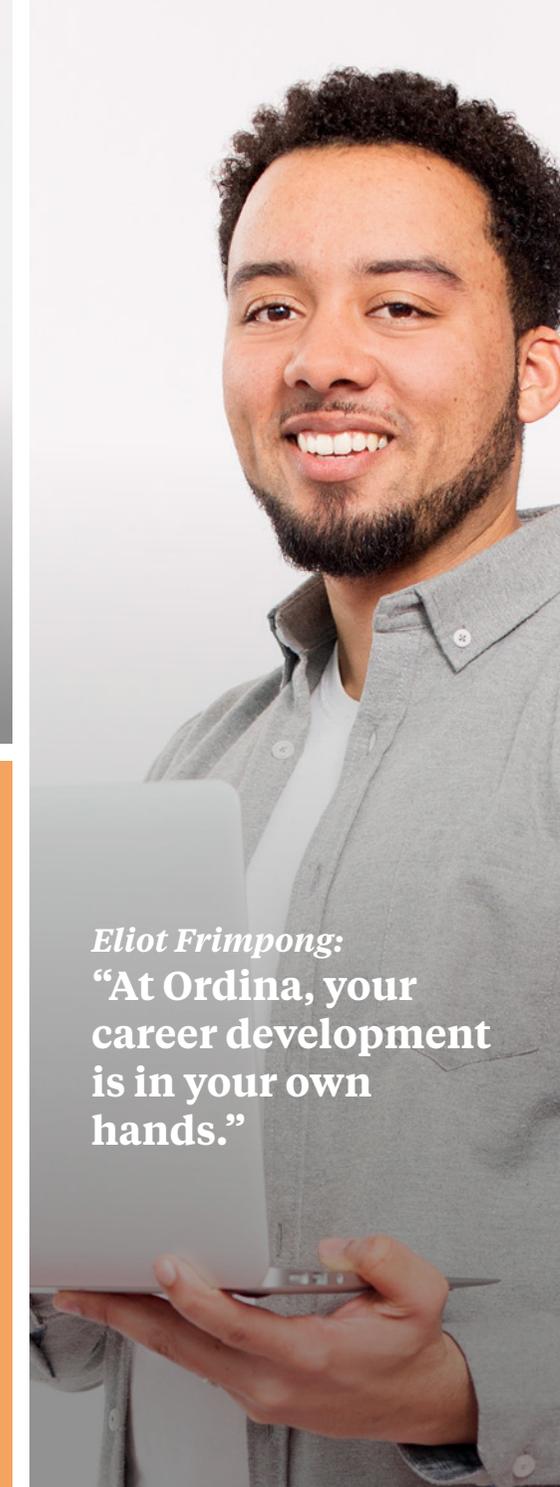
In 2018, Ordina hired a total of 710 (direct and indirect) new colleagues, 464 of whom are employed in the Netherlands and 246 in Belgium/Luxembourg.

Of the employees working at Ordina at year-end 2018, 78% have a full-time employment contract and 22% have a part-time contract. Open-ended contracts accounted for 99% of the employment contacts at Ordina, with temporary contracts accounting for the remaining 1%. It is possible that Ordina will be unable to meet client demand with its own employees. In this case, Ordina hires external staff (including freelance IT specialists). These temporary employees carry out the same kind of work as Ordina's own employees.

Laura Schreuder:
“The power of cooperation has a flywheel effect on the impact we have at our clients and our job satisfaction.”



Teunis van Driel:
“Ordina offers lots of opportunities to develop.”



Eliot Frimpong:
“At Ordina, your career development is in your own hands.”



Gerard Boersema :
“Cooperating in High performance teams makes work both fun and compellingly useful.”



Ben Luyten:
“Ordina gives me the room to excel at my strengths and stimulates my development.”



TOWARDS A NEW GENERATION OF PROFESSIONALS

Liesbeth Grootenboer on the strength of Ordina TalentPower

Since 2018, Ordina has been very successful in attracting promising young IT professionals via Ordina TalentPower. This specialist unit finds young professionals during their education or in their first jobs, offers them a fixed contract and subsequently provides intensive support while guiding them towards a highly qualified IT position.

The unit has been operational since March 2018 and was operating at full steam almost immediately. An average of 15 talents join the company via this unit every month. After a one-month training course, these young talents spend a year working with support at one or more of Ordina's business units. They subsequently continue their career as independent professionals at Ordina or with one of our clients.

Tough selection

Ordina TalentPower Director Liesbeth Grootenboer heads the day-to-day operations of the unit with the help of three campus recruiters and four business unit managers who are responsible for the recruitment and support of the young professionals. The recruiters

maintain contacts with the relevant educational institutions at advanced vocational and university level and attend all the key educational fairs. The selection process is pretty tough, says Grootenboer: "Of the 60 young people who apply to Ordina TalentPower, only around 20 make it through."

Strong brand

How can Ordina still generate such interest among young people in this current tight employment market? Grootenboer: "Ordina is a strong brand. The nature and culture of the company certainly help in that respect. Young people see Ordina as attractive because it offers a wide range of IT disciplines, but we are also known as a people company with a good atmosphere to work in." And the Ordina TalentPower formula seems to appeal to young people in particular: "The one-month training course is short but intensive. And after that the young people immediately get to work, while we offer them every freedom to discover their individual strengths." And this is with personal guidance from an experienced Ordina consultant.

Tough and fun

Grootenboer distinguishes roughly two types of talents: the young people who are set on becoming software developers and the young people who want to keep open the option of doing entirely different things. Both groups are offered a tailor-made programme. And the director is aware it is a tough programme. “It is certainly not easy to score three or four certificates at a level such as Java in the space of a month. But these young people are motivated and they all succeed. And it’s fun, too. “There is a lot of fun to be had,” she says. “You’re engaging with people in the same age group and everyone is there for the same reason. The young people help and coach each other and organise fun events outside working hours.”

Ready for the future

Ordina TalentPower requires a substantial investment. The training courses are expensive and Ordina itself spends a considerable amount of time on this internal talent development. But it’s all more than worth it, says Grootenboer. “This is how we develop the new generation of professionals. This is how we ensure that Ordina is ready for the future.”

Vitality

Our people deliver top-level performances every single day. This makes their vitality immensely important to the organisation. This theme is also quite topical, as we all now work for longer and retire at a later age. Under the motto ‘prevention is better than cure’, we offer our people a wide range of services under the header ‘Prevent’. Prevent gives employees access to a range of healthcare providers, from physiotherapists to psychologists. We encourage our people to use Prevent to avoid health problems.

Absenteeism

Absenteeism in the Netherlands was 4.3% in 2018, an increase on 2017 (4.0%). In Belgium/Luxembourg, absenteeism came in at 3.0%, unchanged from 2017.

Inclusivity and diversity

Ordina is an organisation with an inclusive culture, with the room required to accommodate differences in the broadest sense of the word. We ask a number of questions on this front in our Employee Engagement Survey. Although our organisation scored a solid pass mark (7.1) for diversity, there is still room for improvement.

While IT may be a growing part of our daily lives, relatively few women work in the field. The number of women in the IT sector (14%; 20% at Ordina) is far from representative of our society. We feel there is an opportunity there. Because we have learned from experience that diversity at work makes all the difference. Teams with a diverse composition perform better.

Ordina organises a number of activities for various target groups that can contribute to greater diversity. or instance, we have an active women’s network, and a relatively high proportion of women in management positions (32%). The number of women at the top increased to three in 2018, which means women now account for more than 42% of the top positions in the company. That puts Ordina in second place in the rankings of listed companies with women in top positions. On the IT professionals front, we are seeing a healthy influx of people with a multicultural background. We would welcome greater multicultural diversity in our management.

In the Netherlands, we worked with the Education Ministry in 2018 to train deaf and hearing-impaired people as IT professionals. This programme, dubbed ‘Grow2Work’, was launched in 2018 with 10 candidates from this target group (see page 68).

OUR PEOPLE

In Belgium, Ordina works with Passwerk for the deployment of IT testers. Passwerk is a reintegration company for people with limited access to the employment market. Passwerk uses the special qualities of people with an autism spectrum profile (ASP) with normal intelligence to test software. The professional support Passwerk provides, via job coaching, compensates for any limitations the employees with an ASP may have on the job front.

Communities

Ordina has a number of active communities in the organisation. These internal networks, such as Young Ordina, Women@ordina, Agile Coaching Gilde, Oracle Community and Proud of Ordina act as a symbol of the fact that everyone has a place at Ordina. They facilitate know-how exchange, connections, a social and friendly atmosphere and create meeting spaces for like-minded people. These networks organised a wide range of activities in 2018.

Employee engagement

Our people build Ordina's culture: our employees are proud of their work, like to work with their colleagues, appreciate internal transparency and invest in their own development.

Ordina measures employee engagement every year to gain insight into what people's concerns are within the company and what we need to do to continue to improve the working climate for our employees. The overall satisfaction score came in at 7.1 in 2018, up from 6.8 in 2017. Employees particularly appreciate the chances Ordina offers and the opportunities for development.

You can find more information about the employee engagement survey in the chapter 'About Ordina (page 15).



PUBLIC



“Challenging work with added value that give you a chance to make a contribution to society.”
– **Ton Mulleneers,**
director Delivery, Ordina

WORKING WITH AN IMPAIRMENT

Ordina helps deaf and hearing-impaired people find gainful employment

Since mid-2018, Ordina has helped about 10 deaf and hearing-impaired IT professionals find full employment via a pilot project organised by Grow2Work, a volunteer organisation run for and by deaf and hearing-impaired people. “And this cooperation has given us a taste for more,” says Ton Mulleneers, director Delivery Ordina.

Limited access to the labour market

Companies that provide services to the public sector are obliged to employ people with limited access to the labour market. This is part of the Dutch government’s Social Return clause for public sector tenders above a certain amount. On top of this, we are faced with a huge shortage of qualified IT personnel, including at Ordina’s public sector clients. The cooperation between Ordina and Grow2Work has benefits for everyone involved. Together, the two organisations ensure that deaf and hearing-impaired people with an advanced vocational (HBO) or university degree can start work in an IT job with a future.

Relevant job

Mulleneers says there is a reasonably large group of deaf and hearing-impaired people with a good education in IT who are nonetheless struggling to find a relevant job in their professional field. Mulleneers: “People with a university education are still being given jobs that

require little education at all, simply because they have a hearing impairment. Nobody wants that situation. And if retraining is needed, that’s not a problem,” Mulleneers assures us. “Ordina always wants to invest in good people.”

Lip reading

The adjustments needed on the work floor are limited. Mulleneers: “It’s primarily about how you communicate with each other. This can be something like looking a deaf person in the face and speaking clearly when you talk to them, so they can read your lips.” The participants will initially join Ordina on a project basis. During that time, they work as trainees for a public sector client and Ordina takes care of on-the-job training if this is needed. After that training period, everyone is given a job. “A real IT job in the public sector,” Mulleneers stresses proudly. “These are not artificially created jobs, but real jobs where you’re paid exactly the same as your able-bodied colleagues.”

Opening doors

Mulleneers definitely wants to continue the project in 2019. He wants to open doors for far more people who are currently working below their level. Mulleneers: “Challenging work with added value that give you a chance to make a contribution to society.”

WORKS COUNCIL

The Netherlands

The Works Council is an advisory body for the Management Board and consists of Ordina employees. The style of advice the Works Council provides depends primarily on how proactive it wants to be. There are two extremes in this respect: a purely wait-and-see approach and active engagement.

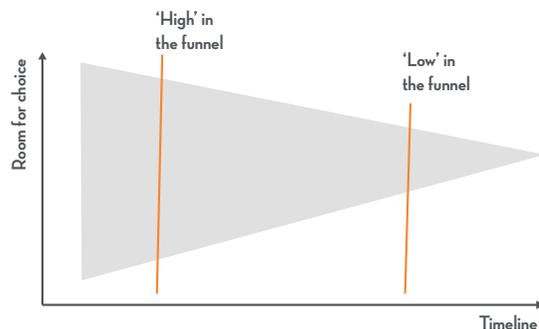
In a purely wait-and-see approach, the Works Council waits until the management of an organisation appears at a Works Council meeting to present their plans for the company. With the works councils act (Wet op de ondernemingsraden – WOR) in hand, the Council checks whether the management has fulfilled its obligations, writes up its opinion or formulates its approval, and the management responds.

The flip side of this is the cooperative/actively engaged approach. The Works Council makes sure it gets involved as early as possible in plans for which the WOR gives the Council advisory rights or the right of approval. The management informs the Works Council at an early state and they discuss the proposed plans together. They then discuss the first drafts of requests for opinions and approvals and the Works Council does not wait to offer its objections and suggestions until it is presented with the final plans.

The Ordina Works Council likes to be high in the decision-making funnel. The company's management is also in favour of this approach. At the start of the current Works Council term, in May 2017, the Works Council and management agreed to cooperate on that basis.



WORKS COUNCIL



The decision-making funnel

The Works Council believes it has found a good way to inform the management of signals from the organisation. The management is open to listening to what the Works Council has to say. The Works Council does not expect a wait-and-see approach or confrontational attitude to be more productive.

The Works Council believes it is on the right course to best serve the interests of both the employees and the company.

The year 2018 was relatively calm. There were no reorganisations that resulted in Ordina colleagues having to leave the company.

There were a number of issues in which the Works Council was involved in the year under review: the selection of a new Health & Safety agency as per 1 January 2019, small but significant changes to the

general employment terms and conditions and contributing ideas on a new profit-sharing scheme for employees. The Works Council is devoting a great deal of attention to the design of a modern job classification system. The emphasis will be on the role an employee fulfils and their experience within that role, as well as the employee's competencies, rather than job titles that may not be related to the work the employee does.

Belgium

The Works Council (OR) and the Safety and Prevention Committee have a comparable composition and consist of an equal number of representatives from employees and the employer. The Works Council gives advice on financial and economic issues. The Safety and Prevention Committee devotes attention to safety, prevention and psycho-social risks.

The cooperation between the OR and the committee was constructive last year, with attention devoted to the interests of employees, employer and shareholders. The meetings in 2018 were conducted in an open and constructive atmosphere.

The monthly Works Council meetings dealt with numerous employee-related subjects, such as increasing the net bonus for all employees (CAO90) if budget targets are met, available training opportunities,

the GDPR directive and the new offices in Ghent and Lummen. The introduction of electronic ECO cheques and an update to the car policy are currently on the agenda.

The Safety and prevention Committee is actively cooperating in the development of an adjusted policy on burn-out prevention and re-integration after an extended absence. One of the initiatives on this front was a survey on the psycho-social problems experienced by employees and the company has set up a training course for managers on this theme. The Committee also devoted extra attention to ergonomics in the work place, e-learning processes and stress management and burn-out prevention.



PUBLIC

“The difference between silver and gold can be bridged with the use of data and technology.”
– *Bernadet van Os,*
**performance manager
Technology at NOC*NSF**



Intelligent
data-driven
organisations

FROM SILVER TO GOLD: THE RIGHT DATA MATTERS

Ordina supports NOC*NSF to make top results possible

The Netherlands wants to be one of the top 10 sports countries in the world. “That is not an easy task for such a small country,” says Bernadet van Os, performance manager Technology at NOC*NSF (the Dutch Olympic Committee/Sports Federation). “Just look at the finish line of the rowing races at the Olympic Games in Rio. The difference between silver and gold was minute! We can bridge those differences if the Netherlands also becomes a leader in the use of data and technology”, Van Os predicts.

Athlete management system

Top performances in sports require more than just talent; they also require know-how. That includes knowing how far you can go, in the given circumstances and without sustaining an injury. A lot of that information is available, but difficult to find. Right now training data is collected in hundreds of places. And a lot of it remains hidden in the coach’s head. Using a centralised system to collect, combine and exchange relevant data between athletes, doctors, coaches and other members of the support teams of various sports associations must be a goldmine. The NOC*NSF wants

to use an athlete management system (AMS) to do just that. This will be available to 1,250 talented young athletes and experienced athletes involved in top sports, plus the more than 400 people who support them. They will use the AMS and accompanying data platform to enter their data about training, diet, how they feel and other data, and then consult that data when they need to.

Selection process

NOC*NSF approached Ordina in mid-2018 with the request to help them find a supplier for this AMS. Ordina has extensive experience with this kind of contract thanks to its business proposition Intelligent data-driven organisations. Ronald Veerbeek is heading this selection process for Ordina. Ordina has stationed him at the NOC*NSF headquarters in Papendal as digitalisation project manager specifically for that purpose. Veerbeek: “I estimate that there are fewer than 10 to 12 companies in the world that can supply this AMS, and I think only three or four will be able to meet all of our requirements.”

Workshops

Veerbeek organised a number of workshops to determine those requirements. Veerbeek believes the biggest challenge is to effectively streamline the various ways in which data is currently collected in a system that is both all-encompassing and user-friendly. Veerbeek: “It all has to be quickly and easily digestible and low threshold. I’m thinking a few simple questions after a training session. You have to be able to enter something in a matter of five seconds. We could perhaps even add a game element.”

Privacy legislation

Veerbeek and his colleagues will also provide advice on the best data platform. He wants to immediately comply with privacy legislation, which is far from being the case everywhere at this point. Veerbeek: “We will simply include that aspect. We are all about privacy by design.” The plan is to conduct a pilot at the swimming federation in mid-2019, involving the chosen supplier of the data platform. The definitive selection of the supplier and the design of the data platform will then follow in September 2019.

“The biggest challenge is to effectively streamline the various ways in which data is currently collected in a system that is both all-encompassing and user-friendly.”

**– Ronald Veerbeek,
project manager digitalising**



CORPORATE SOCIAL RESPONSIBILITY



ORDINA WORKS ON SUSTAINABLE SOLUTIONS THAT TRULY HELP PEOPLE AND COMPANIES TO MOVE FORWARD

‘Partnerships in sustainable innovation’ is Ordina’s mission. We defined our sustainability and corporate social responsibility (CSR) ambitions in our Sustainability strategy plan 2017-2020. We fine-tuned that plan in 2018. When it comes to employees, in addition to inclusivity, we have increased our focus on the sustainable employability of our people. For 2018, we set new targets for Sustainable Employability (Fit for Purpose): availability of our people and the maximum outflow at Ordina’s request.

In 2018, we expanded our goals for participation in training programmes to include targets for both Belgium/Luxembourg and the Netherlands. We consider these targets as indicators for the correlation between our employees and their competencies with current market demand. This is crucial to both our employees and to Ordina’s results.

We measure client satisfaction both via client satisfaction scores and via the Ordina Promoter Score (OPS). We consider the extent to which our clients are willing to recommend us as a better indicator of a sustainable client relationship than their satisfaction alone.

We evaluate our sustainability strategy in a number of ways, such as measuring it against the guidelines of the Organisation for Economic Cooperation and Development (OECD), while we evaluate our reporting according to the guidelines of the Global Reporting Initiative (GRI). Both standards have been adapted to the United Nations Sustainable Development Goals (SDGs). We have therefore decided to provide insight into how our strategy is linked to widely accepted SDGs. Furthermore, as from 2018, in addition to having our sustainability strategy audited, we will also have our entire annual report audited externally (limited assurance) by our external auditor EY.

Stakeholder dialogue

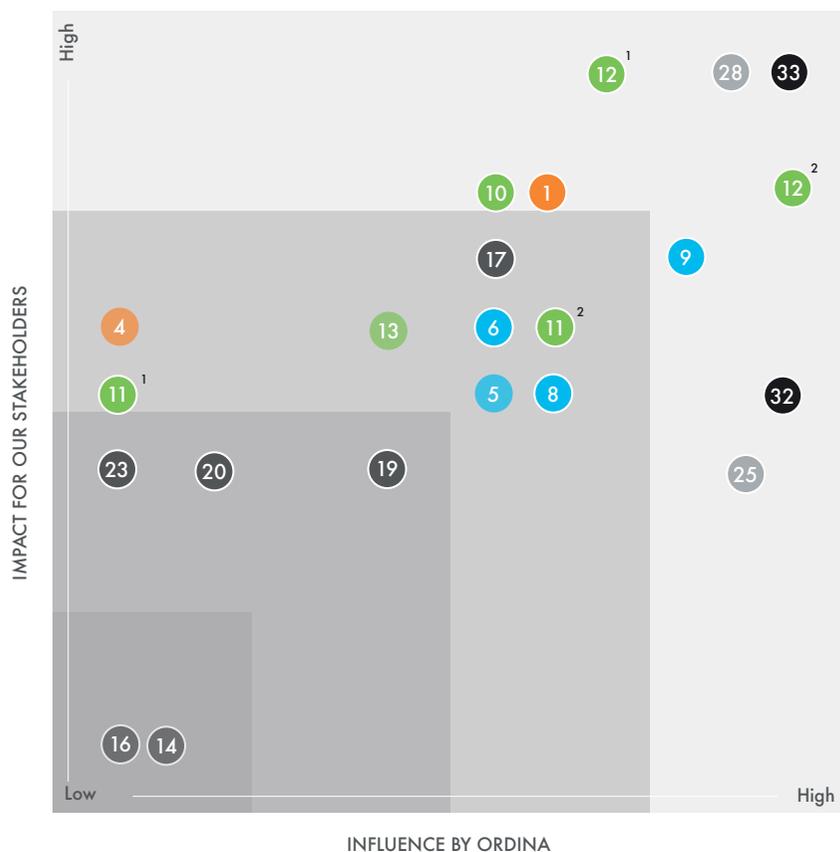
In 2018, Ordina embedded the stakeholder dialogue in the frequent contacts between the members of the Sustainability Steering group with their various stakeholder groups, and in particular with employees, clients, suppliers, shareholders and other groups in society. We have not organised a separate meeting. We consider frequent contacts to be more valuable than an annual session. The input from the stakeholder groups is reflected in how Ordina structures and realises its CSR strategy in its day-to-day operations. Where necessary, members of the steering group put important questions in the field of sustainability to their stakeholders and provide the group with feedback on the response from these stakeholders. They regularly involve the suppliers in this subject matter. In 2018, we added specific questions on sustainability and corporate social responsibility aspects to our client satisfaction and employee engagement surveys.

CSR AT A GLANCE

	Target 2018	Result 2018
Employees		
Inclusiveness (in a broad sense)	Employee Engagement survey questions inclusiveness (7G and 7K): minimum 7	7.3 and 7.1
	Pilot with people with limited access to the labour market (NL)	pilot with deaf and hearing-impaired people (see page 68)
Sustainable employability (Fit for Purpose)	Average availability < 10%	9.4%
	Outflow direct employees at Ordina's request < 4%	3.1%
	Participation level training courses: at least 80%	89%
Customers		
Client satisfaction	Ordina Promoter Score: minimum of 70	71.4
Services with an impact	Prestigious projects in annual report (minimum of two)	Two projects (see pages 86 and 97)
Security	Security, integrity and privacy training courses completed by at least 95% of employees	79%
Society		
Social projects / activities	300 to 500 hours per year	496 hours (see page 81)
Suppliers and resources		
Energy reduction per work station for electricity (in KWh) and gas (in m ³)	2.0%	27.8% and 19.5%
Fuel reduction (in litres) per car	2.0%	2.6%
Energy, fuel and CO ₂	8% reduction in CO ₂ -emissions per FTE in the period 2017 – 2020	4.0%

CSR MATERIALITY MATRIX

Materiality matrix



HUMAN RIGHTS

1. **Discrimination and vulnerable groups**
2. Civil and political rights
3. Economic, social and cultural rights
4. **Fundamental principles and labour rights**

LABOUR

5. Employment and labour relations
6. **Working conditions and social protection**
7. Social dialogue
8. **Health & safety in the workplace**
9. **Personal development and training in the workplace**

ENVIRONMENT

10. **Prevention of environmental pollution**
11. **Sustainable use of resources**
12. **Climate change**
13. Protection of natural habitats

FAIR BUSINESS PRACTICES

14. **Anti-corruption and business integrity**
15. Responsible political engagement
16. **Fair competition**
17. **Encouragement of corporate social responsibility**
18. Respect for property rights

CONSUMER AFFAIRS

19. **Honest marketing**
20. **Consumer health and safety**
21. Sustainable consumption
22. Services
23. **Access to essential facilities**
24. Information and awareness

SOCIETY

25. **Engagement local community**
26. Education and culture
27. Employment and skills
28. **Technological development**
29. Wealth and income creation
30. Health
31. Social investments

Finally, there are two specific aspects that relate to various indicators and that play a pivotal role in Ordina's sustainability strategy:

ORDINA-SPECIFIC ASPECTS

32. **People, the priority in IT**
33. **Trust in the IT sector**

1 Focus on supply chain
2 Focus on products and services

CSR MATERIALITY MATRIX

Materiality matrix

We provide a transparent overview of our impact on society using a materiality matrix, as meant in the GRI standards. The materiality matrix shows the importance of each of the sustainability aspects to our stakeholders and to what extent Ordina has an influence on that particular aspect. On the basis of the most material topics in the materiality matrix, we subsequently outline the aspects and associated targets. For instance, circle 33 in the matrix is covered in our 'clients' aspect, where we measure topics such as our clients' promoter score.

Value creation

For Ordina, corporate social responsibility is about our organisation making an effort in everything we do to contribute to society. By using IT in smart ways to meet the challenges we face as a society and by making IT work for people. Technology is rapidly changing the world. Through our core activities, we create concrete output on our material aspects, which we report on in a number of areas.

Ordina cooperates with interested parties to make a sustainable and measurable difference. Not as a one-off effort, but structurally. We support the principles of corporate social responsibility in areas such as accepting responsibility and accountability, transparency and ethical conduct, but also in terms of respecting the

interests of our stakeholders, laws and regulations, international standards of conduct and human rights.

In its compliance with these principles, Ordina focuses on the aspects that have the highest materiality to the company and on which it can have the greatest influence. We use the following guidelines as a reference framework to measure our progress: the CO₂ Performance ladder, Ecovadis, the multi-year energy efficiency covenant for the IT sector (Meerjaren-afspraken energie-efficiëntie - MJA3), ISO 26000, the Global Reporting Initiative guidelines, the OECD guidelines, and the Dutch Corporate Governance Code. Ordina assesses each year whether the current frameworks and guidelines still sufficiently match the developments in the market and Ordina's ambitions with respect to its stakeholders. With the chain concept in mind, we work on a more sustainable future in partnership with our clients, employees, suppliers, financiers, and other interested parties in society.

Focus on material aspects

Ordina has four material aspects at the heart of its sustainability policy: employees, clients, society, and suppliers and resources. The fifth aspect pertains to the accountability and reporting of same via external obligations & validation.

Employees

Employees are the beating heart and the future of Ordina. That is why we focus on two aspects on this axis: inclusiveness and sustainable employability. In other words, our goal is to create an environment that has room for diversity, where everyone can achieve their full potential and remain physically and mentally healthy. In our vision of corporate responsibility, it is unacceptable for an employee to not show demonstrable development in their professional field. Our managers play a key role in encouraging the development of our people, but obviously our professionals also have their own responsibility to ensure their development. This is how we work on being a sustainable employer, an organisation where professionals develop on a continuous basis and make a contribution to Ordina's results.

Clients

We work in partnership with our clients and suppliers to create IT solutions that truly help people move forward. After all, information technology creates long-term value. Sustainable solutions that truly help our clients, which are easy to manage and created without any waste of resources or human effort. And we do this partly thanks to an agile way of working and by devoting attention to security and privacy aspects. We provide our services in the following markets: public sector, financial services, and the industry and healthcare sectors.

Society

Ordina employees engage in projects in society both during and outside working hours. We make 300 to 500 employee hours available annually for projects where our expertise can be of considerable added value to society. In addition, our employees, alone or with others, develop a wide variety of initiatives to launch projects to which they attach value for personal reasons and in which they want to invest their free time.

Suppliers and resources

A chain is more than the sum of its parts. With that thought in mind, we have drawn up several concrete CSR spearheads that we would like to work on with our suppliers, such as a reduction in CO₂ emissions and more efficient use of resources such as water, energy and paper.

External obligations and validation

Ordina strives for an integrated form of reporting with the aim of making our CSR goals a part of our reporting and control cycle. Ordina's ambition is to constantly improve its environmental performance and we work to keep our own CO₂ emissions as low as possible. We are also transparent about our own concrete obligations.

Output and outcome

Output is the heart of our value creation model and translates into financial output, client satisfaction, HR-related output and sustainable output. See the value creation model for more information.

Outcome is our social value creation. Ordina contributes to more and improved employment, Digital and business transformation, sustainable operations and a transparent public sector. Our value creation model has a clear affinity with the Sustainable Development Goals of the United Nations. For more information, see our value creation model (page 28).

Embedding the CSR strategy

The CSR strategy is one of Ordina's key priorities and is safeguarded at Management Board level. Four of the five aspects – employees, clients, society, suppliers & resources – each have their own business-based aspect owner in the Netherlands. In Belgium, these aspects are managed centrally by a single aspect owner. The results achieved on these four aspects come together in the fifth aspect (external accountability and validation), and the aspect owners therefore accept joint responsibility for that. The combined aspect owners, together with a member of the Management Board and the corporate secretary, form the Sustainability Steering Group.

The steering group appoints project leaders for various initiatives and a programme manager to monitor the coordination between the various activities. The steering group supervises the execution of the strategy and monitors our progress.

Goals

Firmly based on the principle of value creation, the relevant stakeholder groups have drawn up concrete goals within the aspects of employees, clients, society and suppliers & resources. This involves both annual goals and longer term goals. In the context of the MJA 3 covenant for the Dutch IT sector, we have included a four-year target for CO₂ reduction. We assess the other goals annually. You can find additional details regarding our goals on Ordina's Dutch and Belgian websites.

Results

Employees

Inclusiveness

Ordina believes it is important that its workforce has a balanced composition. We consider diversity a natural part of our corporate culture and a success factor in achieving our strategic goals. Ordina therefore strives to be an inclusive organisation. For instance, we aim for a balanced division of men and women, both in the overall population and in management positions.

A specific group on the ‘inclusivity’ front are people with limited access to the employment market. This is a diverse group with lots of potential, but also a group that requires extra attention. The Dutch Participation Act also requires attention for this group of people. In 2018, Ordina launched a pilot in which some 10 deaf and hearing-impaired people are being mentored and guided towards a full-fledged IT job (see page 68)

We once again measured the extent to which our employees consider us an inclusive organisation in our 2018 employee engagement survey. The question that asked whether it is possible to express diverging opinions at Ordina and the one that asked whether Ordina devotes sufficient attention to diversity within the organisation received scores of 7.3 and 7.1 respectively (2017: 7.1 and 6.9) at group level. In the Netherlands, these questions scored 7.2 and a 6.9 respectively (2017: 7.0 and 6.5) and in Belgium 7.3 and a 7.5 (in 2017: 7.5 and 7.7). This means we achieved our 2018 goal of an average of at least 7.0.

Sustainable employability

Ordina strives for the sustainable employability of its employees. It is extremely important that our employees are full of vitality, but also that their know-how and expertise continue to match the demands of our clients. We test this employability against the availability of our

employees. If that availability is high, this can indicate that there is a mismatch between the qualities and capacities of individual employees and the market. If such a situation persists for a long time, this can sometimes result in outflow at the employer’s request. This is an undesirable situation for both parties: for the employee and for Ordina, given our stated ambition of growth with our own employees. We use training courses (Ordina Academy) and vitality programmes to work on the sustainable employability of our employees. As of 2018, we have also attached concrete goals to that employability and activities that stimulates same. Ordina’s goal is a free availability of employees of less than 10%. In 2018, this was 9.4%.

The outflow of direct employees at Ordina’s request should be no more than 4%. In 2018, this figure was 3.1%.

We also constantly monitor participation in training courses. For instance, our target was for at least 80% of all direct Ordina employees to have taken at least one training course in the year under review as of 31 December 2018. In 2018, 89% of the direct employees followed a training course.

For an extensive description of our HRM policy, including diversity, education and vitality, please see the chapter Our People on page 57 of this annual report.

Clients

With a few thousand employees, Ordina works each and every day to create solutions that truly help people and organisations move forward. Solutions created without any waste of human effort and resources and that are easy to manage. Ordina’s projects are increasingly co-created in partnership with our clients using agile methods: in a series of short sprints delivering sub-results every two to three weeks so there is always time to make any necessary adjustments. This approach obviously also avoids any wastage.

Engagement of our clients

The result of these efforts is partly reflected in how our clients talk about Ordina, expressed in the Ordina Promoter Score (OPS). We are striving for a score of at least 70.0. In 2018, we realised that goal, with an OPS score of 71.4. In the Netherlands the score was 69.8 (2017: 65.3) and 72.2 in Belgium/Luxembourg (2017: 54.0).

Impact of our services

Ordina's services contribute to the greater sustainability of society, both directly and indirectly. The indirect impact is through the results we realise in co-creation with our clients. After all, our clients and suppliers have their own sustainability goals, which means our joint efforts on this front have an impact along the entire length of the value chain. Each year, we evaluate how much our services have contributed to the realisation of our clients' sustainability targets.

A good example of the impact of our services is the Samen Zoeken (search together) app Ordina developed for the police. The app enables civilians, in cooperation with the police, to offer their help in finding missing persons (see page 86). Another compelling project in 2018 was the planning tool for Ewals Cargo Care (see page 97).

Security

Digital security is absolutely vital and affects every part of society. Almost four out of five companies in the Netherlands are concerned about the vulnerability of their own computer systems. Ordina has combined its data security expertise in specialist Security & Risk Management units in the Netherlands and Belgium. Since 2017, we also maintain the know-how of our employees in this field via a compulsory training programme across the entire breadth of our company.

Volunteer efforts for society

- Via Clockwork, Ordina Netherlands worked free of charge for the Warchild Foundation, which offers children in war zones vital protection, psycho-social aid and education. Clockwork designed a house style manual for Warchild, which created structure in the organisation's worldwide digital communications. This helps Warchild to project a single image across the internet and in electronic newsletters.
- Ordina Belgium volunteered for the Stichting Tegen Kanker, an international network set up to fight cancer. The foundation wanted to improve its

internal processes using a new intranet. Based on Office 365, Ordina consultants used a cloud version of SharePoint to structure the intranet in such a way that the foundation can now use, manage and keep the intranet up to date without any external assistance.

- Ordina Belgium also made hours available to Close The Gap, a foundation that seeks to close the digital gap in the world by making computers available to educational, social and medical organisations in developing countries. Thanks to Ordina Belgium's help, Close The Gap is now fully

compliant with the latest (GDPR) privacy regulations. In addition to volunteering hours, we also donated old laptops to Close The Gap. Ordina Belgium is also involved in a pilot with other companies to collect old smartphones.

Our target is to have at least 95% of our employees take part in the e-learning course Security, privacy and integrity. As of 31 December 2018, 79% of our employees had followed this e-learning course in 2017 or 2018 and passed the related test. This means we did not meet our target in 2018 and in 2019 we will continue to focus our efforts on the successful completion of the training by all our employees. In retrospect, the target of 95% was very ambitious, given the influx of new employees each year. We will review this target in 2019 and revise it if necessary.

Society

Social contribution

Thanks to its wide-ranging know-how and expertise, Ordina can make a valuable contribution to a wide range of social projects. Ordina has set itself the target of spending 300 to 500 hours a year on these types of projects. In the year under review, Ordina employees voluntarily contributed a total of 496 hours (2017: 68 hours) to various social projects in the Netherlands and Belgium, which means we achieved our goal.



Suppliers & resources

Suppliers & resources covers Ordina’s own processes. Ordina has specific energy and environmental targets that we can achieve largely on our own. The mobility of our employees in particular gives us significant control in terms of reducing our CO₂ emissions.

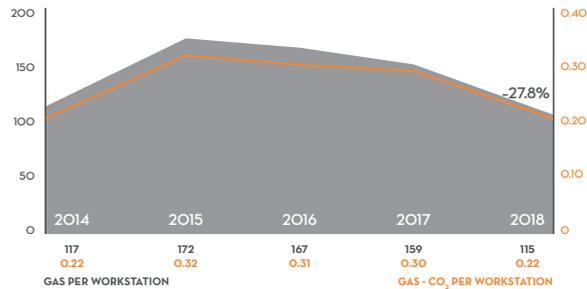
Energy and environment

Ordina is increasing the sustainability of its operations by reducing CO₂ emissions and reducing our fuel and energy consumption. The goal is to realise an annual reduction of two percent over the course of four years. We aim to realise this reduction in CO₂ emissions mainly with electric modes of transport and by facilitating public transport use.

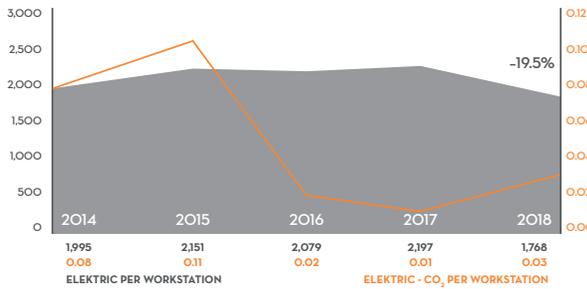
Our own mobility – there are around 1,200 lease cars in use at Ordina Netherlands and around 750 in Belgium and Luxembourg – is by far the greatest contributor (82%) to our CO₂ footprint. Our employees spend a lot of time on the road in their car. Reducing fuel consumption by our mobile employees would therefore make a sizeable contribution to the sustainability of our operations. In 2018, we reduced fuel consumption and associated CO₂ emissions per car by 2.6% and 3.6% respectively, which was above our 2% target. This was partly due to a reduction in the average number of kilometres per employee per year, to around 31,500 in 2018, from around 33,000 km/year in 2017, largely as a result of smarter working and alternative transport choices. In addition, our employees are increasingly choosing to use fuel-efficient and fully electric cars. By year-end 2017, we had six fully electric cars in the Ordina fleet, and this number increased to 27 in 2018. We expect a further increase to at least 40 in the first quarter of 2019. With this in mind, we have installed sufficient charging points at our locations in Nieuwegein and Groningen. Employees use an app which enables them to use the charging points as efficiently as possible. A positive development on this front is the fact that the action radius of fully electric cars is increasing every year. However, these cars are still subject to long delivery

¹ The two percent norm is in line with the objective of reducing CO₂ emissions by 20% in 2020 from 2010 levels.

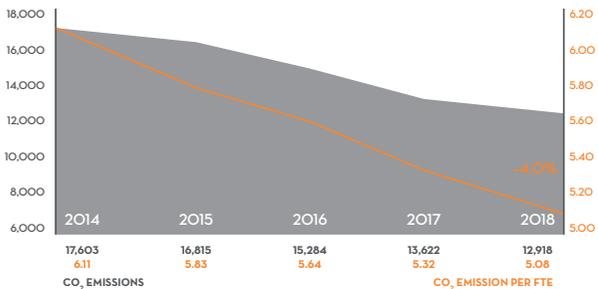
Energy consumption gas per workstation (in m³/CO₂)



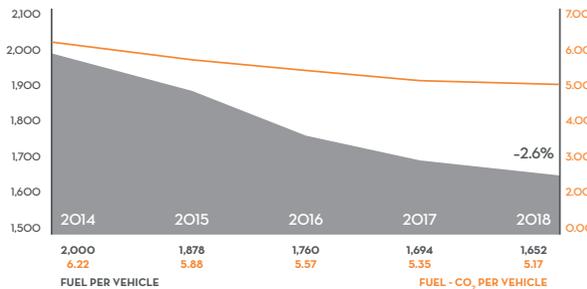
Electricity consumption per workstation (in kWh/CO₂)



CO₂ emissions (total and per FTE)



Fuel and CO₂ emissions per vehicle (In litres/tonnes of CO₂)



times. This will continue to form an obstacle to making the transition on a larger scale than we are currently realising.

We easily exceeded our target for reducing energy consumption per work station, in terms of both electricity and gas in 2018, just as we did in previous years. The reduction in electricity consumption per work station was 19.5% lower, while gas consumption per work station was down 27.8%. Around 10% of these reductions (gas and electricity use per work station) was due to an increase in the number of work stations, as a result of a refined definition and recount. Gas and energy consumption would also have been sharply lower without the recount, due in part to the closure of our office in Hasselt and the switch to green energy at one of our data centres.

In 2010, the Dutch government set companies the target of reducing their CO₂ emissions by 20% in 2020 compared to 2010 levels. Ordina adopted this target and is now well ahead of achieving this goal. However, this is not stopping us from actively working to continue to reduce our CO₂ emissions.

External obligations, validation and certification

Ordina chooses to gain and retain a number of certifications to show what the organisation does in terms of reliable services and corporate social

responsibility with attention for the environment. Ordina also aims for a high score in the commonly used benchmarks on this front.

Each year, we assess whether the certificates and statements still meet the wishes and requirements of our stakeholders. Internally, we have streamlined processes and activities to make sure we can meet all the various requirements with limited effort.

A key aspect on the validation front is the assurance statement from an external auditor with respect to the non-financial information Ordina reports in its annual report. In 2018, we continued to integrate the CSR objectives more deeply in our control and reporting cycle. For this annual report, this meant a wider scope of verification of non-financial data by our external auditor.

CO₂ Performance ladder

The CO₂ Performance ladder is an instrument that helps organisations realise a structural reduction in their CO₂ emissions. The ladder is a leading sustainability instrument in the Dutch market. Ordina once again achieved level 5, the highest possible level, for the sixth year in a row since 2013. That means that Ordina has for some considerable amount of time made demonstrable efforts to reduce its CO₂ emissions, in its own operations, in projects and in the chain.

MJA 3

In the multi-year energy efficiency (MeerJarenAfspraak energie-efficiëntie - MJA) for the IT sector, companies work together to realise structural improvements in energy efficiency. In the context of the MJA network, IT companies share know-how and experiences, for instance during the MJA company day and in MJA 3 user groups. In the MJA 3 covenant, prominent IT companies – together representing 80% of the sector's energy use - have committed to improving their energy efficiency by 2% a year in the period 2005-2020.

EcoVadis

EcoVadis is a sustainability platform for worldwide supply chains. EcoVadis makes it easy for buyers to assess their suppliers on a number of sustainability criteria. EcoVadis takes stock of the social and sustainability ambitions of suppliers by means of a specific questionnaire. Since 2013, Ordina Belgium has scored a Gold Award on the EcoVadis Corporate Social Responsibility supplier assessment, which means the company is among the top five percent of the IT participants in EcoVadis. In 2018, Ordina Netherlands raised its ranking from Silver to Gold, which means the entire Ordina group now uses that standard.

ISO

Ordina has a number of ISO certifications, including ISO 9001:2015 (for quality) and ISO 14001:2015 (for the environment), ISO 27001:2013 and NEN 7510:2001 (for management) and ISO 27001:2013 (for data migrations). The context of the organisation also plays a significant role in these new standards: what are the key developments in the organisation? What is happening in the company's sector? How are the wishes and requirements of stakeholders taken into account? The standards also devote more attention to an integrated, risk-based approach.

The development of both the CO₂ Performance ladder and the ISO standard is geared towards increased integration in the business. Ordina has already started down that road and takes a structured approach to the new requirements. We also want to improve efficiency to reduce the audit pressure for the organisation.

Transparency benchmark

The transparency benchmark is an annual assessment of the content and quality of information on the social elements of the operations of the largest companies active in the Netherlands. Some public sector

organisations are also part of the survey group, which includes a total of 512 companies and organisations. The transparency benchmark study was conducted annually until 2017. This was reduced to once every two years from 2018. This means the 2017 ranking is still valid. In the Transparency benchmark for 2017 (which covered the reporting year 2016), Ordina took fourth place in the IT sector. In the overall rankings, Ordina took 43rd place in a list of 512 companies.

Dilemmas

E-cars

A complete transition to fully electric driving would have a major impact on the realisation of our environmental targets. But the current long delivery times for electric cars and the limited number of charging points in the cities where our employees live and work make it impossible for us to take that step at the moment. A transition to a fully electric fleet would also come with a substantial price tag at current price levels.

Diesel for the environment and cost savings or petrol for health?

The climate and the environment benefit from low CO₂ emissions, which is an important reason for Ordina to be encouraged to reduce CO₂ emissions both by society and in the interest of certifications (CO₂ Performance ladder). On the other hand, the reduction of fine particle emissions is seen as a priority for health reasons. Diesel cars score better in terms of CO₂ emissions and are cheaper for Ordina than petrol cars, which are better in terms of fine particle emissions. Dilemma: do we choose diesel

from an environmental and cost-saving point of view, or petrol for public health reasons?

Working at home versus the importance of teamwork

Encouraging people to work at home helps us realise a considerable reduction in (polluting) mobility, but our employees get to know our clients better and encourage each other to perform better when working on location and in teams.

ABOUT THIS REPORT

About this report

The data collection presented in this chapter has been taken from a variety of sources, such as the employee engagement survey, HR information, the Ordina Promoter Score, the CO₂ Performance ladder, EcoVadis, ISO 26000 and the information on energy, water, paper and fuel consumption.

Below you will find a list of the key concepts and measurements of the CSR results. A full overview is available in the Glossary of terms on page 207.

Fuel reduction in litres: the fuel consumption of the lease cars in Ordina's fleet. This is based on a monthly statement of the number of lease cars per category (diesel, petrol, LPG) and the total fuel consumption from the lease companies and fuel card companies in the Netherlands, Belgium and Luxembourg.

CO₂ footprint: the quantity of emissions expressed in tonnes of CO₂. These emissions fall under scope 1, 2 and 3 emissions as defined in the CO₂ Performance ladder guide 3.0 produced by Stichting Klimaatvriendelijk Aanbesteden en Ondernemen (The Foundation for Climate Friendly Procurement and Business - SKAO) dated 10-06-2015. The conversion factors Ordina uses are also derived from this guide. You can find these online at www.co2emissiefactoren.nl (Dutch only).

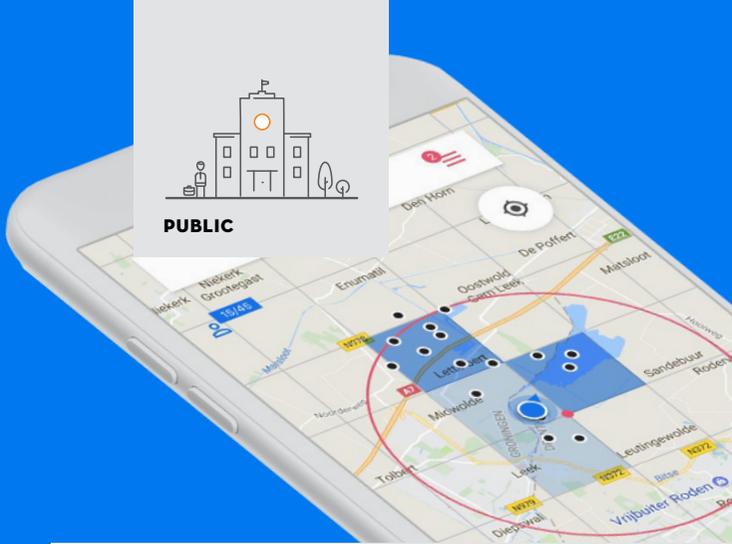
Energy reduction per work station for electricity:

reduction in electricity consumption (in kWh) per work station in the buildings that Ordina leases, corrected for any sub-leases.

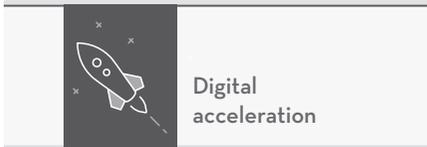
Energy reduction per work station for gas:

reduction in gas consumption (in m³) per work station in the buildings that Ordina leases, corrected for any sub-leases.

Inclusivity: is measured on the basis of two questions in our annual Employee Engagement Survey. The two questions are: whether there is room within Ordina for divergent opinions and whether Ordina devotes sufficient attention to diversity within the organisation.



“The idea alone is not enough. Innovation is a team effort.”
– Ronnie Hessels,
police officer, the North Netherlands unit



‘SAMEN ZOEKEN’ APP HELPS FIND MISSING PERSONS

App facilitates innovative citizen participation

Clockwork, Ordina’s digital engagement bureau, teamed up with the national police force to design and develop an app that gives private citizens the opportunity to help find missing persons. The prototype of this ‘Samen Zoeken’ (search together) app was successfully tested in 2018 and serves as an excellent example of Ordina’s business proposition Digital acceleration. The police force wants to continue to develop this prototype for the general public.

Quick action

“Digital support in missing persons cases is essential,” says Julia Ruijgrok, digital strategist at Clockwork. “Every year, the police receive some 40,000 missing persons reports. Some 80 percent of those are solved within 48 hours. Quick action is vital for a positive result, especially in the first 24 hours. This app is a great way to immediately mobilise civilian participation. This mainly comes down to effective communication and coordination. Private individuals can start their own search campaigns independently more quickly, without getting in the way of the police effort. What’s more, they are actually helping the police with the findings they

collect in the app. If necessary, it also becomes a lot easier to conduct targeted searches in large areas, because the app shows where a search has already been conducted.”

Prototype

Five Clockwork employees and almost the same number of police officers were involved in the development of the prototype. Some 30 members of the public subsequently tested the app. It was built with React Firebase and uses Geo-ICT. Ruijgrok says this application is unique: “We have seen games developed with search technology, but never before has the procedural know-how of the police and the public’s behaviour related to missing persons been combined so effectively with communications technology and Geo-ICT.”

Innovation is a team effort

The app is an initiative of Ronnie Hessels, a police



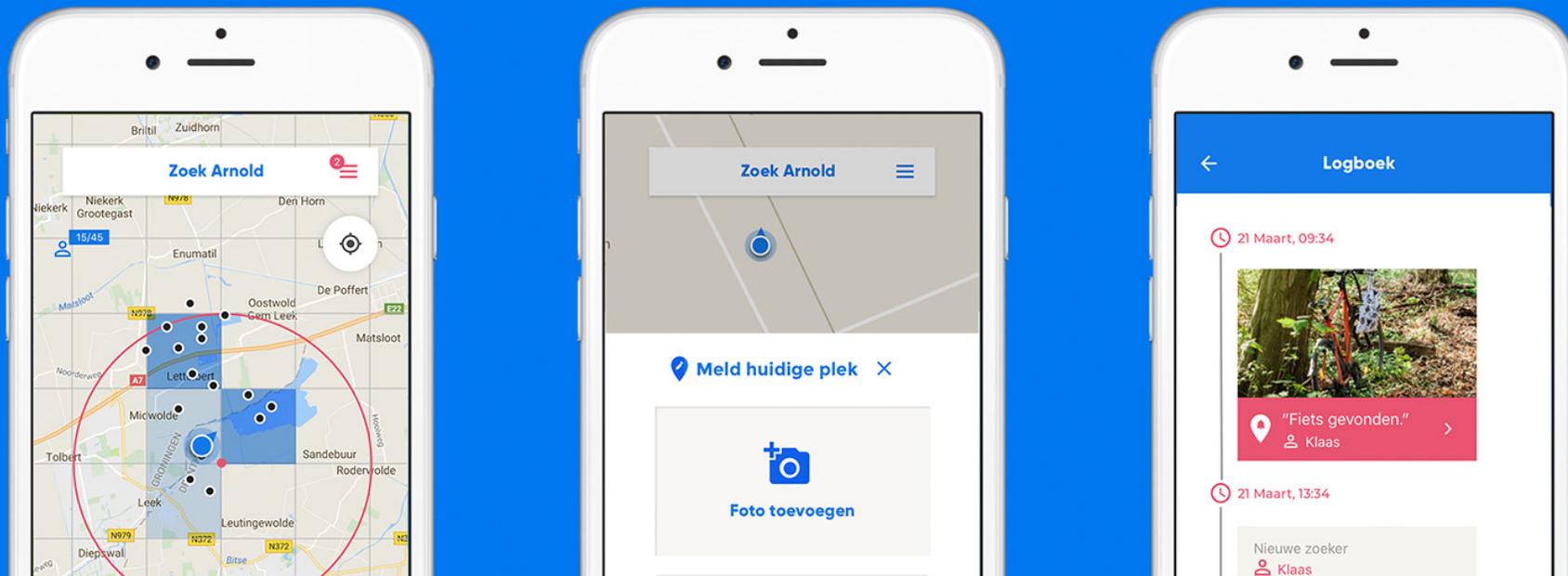


officer from the North Netherlands unit. He won the Innovation incentive award for his initiative. This award is aimed at encouraging innovative ideas among police officers. But even though he came up with the idea, Hessels still learned a lot from the process. Hessels: “The idea alone is not enough. Innovation is a team effort. We did this in close cooperation with Ordina and other partners. And what I have learned is that you can achieve a lot in a five-day Google Design Sprint.”

This is how the app works

- A friend or member of the missing person’s family signs in.
- Data on the missing person is entered into the app, such as age, gender, last-known location, moment they went missing, mode of transport and a photograph.
- The app subsequently provides search advice: where and in which radius the search can be conducted.

- Volunteers can be invited to join the search.
- The app keeps track of where the search is conducted.
- Photos of found items can be shared.
- And the coordinator can give the volunteer searchers directions.





INTEGRATED SAFEGUARDS FOR SECURITY AND PRIVACY

Secure by design

Based on its business proposition Security & Privacy, Ordina is assessing how health insurer VGZ can integrate data security and privacy safeguards in its software development processes. The goal is to increase control on the level of data security as early as in the development stages. If security risks are not detected until after the fact, any repairs can be both costly and time-consuming. That is unnecessary and can be prevented with the integral application of Secure by Design principles.

Responsible acceleration

With more than four million policy holders, VGZ is one of the Netherlands' largest health insurers. As with other insurers, VGZ's processes are highly automated with a lot of data stored on servers. Clients have access to their data via 'My' environments of the various VGZ labels. VGZ wants to improve its digital services, improve its flexibility, its ability to handle matters more quickly and inform (potential) clients more effectively, and it would prefer do all this via the cloud. In all of this, it is vital that information about applications, policies and claims remain securely stored at all times. Testing IT processes

for security and privacy sensitivities is always highly time-consuming at this point in time. New developments that are important to the business have to wait for that. VGZ wants to accelerate this process in a responsible manner. In 2018, Ordina's Security teams and High performance teams conducted a baseline measurement to explore the options available in the development process that would help VGZ to achieve this goal.

Vincent Meijer, owner of Ordina's business proposition Security & Privacy, says there is always enormous time pressure in the development of IT solutions. "And security and privacy requirements are also constantly being tightened. So our goal is to immediately get a handle on the level of data security. You can achieve this by integrating security and privacy from the very start – from policy, risk analysis and a set of security requirements – and first and foremost by applying these correctly in the development processes. That ensures you don't have to step on the brakes later on in the process."

“Do not burden the teams that develop IT applications with unnecessary issues.”

**Vincent Meijer,
owner business proposition
Security & privacy, Ordina**



Security
& privacy



Super relevant

Meijer says it is important in this context to not burden the teams that develop IT applications with unnecessary issues: “The IT environment is complicated enough. So we provide those development teams only with those requirements in the field of security and privacy that are super relevant to their task. That way, they don’t see those as a burden and gladly incorporate them in the design. Security and privacy have to be shared responsibilities for everyone,” says Meijer. “We can no longer afford to wait for the security specialist who comes in to conduct a code review or pen test against hackers. Let’s make sure that everyone sees this as a crucial part of their own task. And most of all, let’s make that as easy as possible.”

Passionate

“This is certainly going to happen at VGZ”, Meijer predicts. “The baseline measurement has shown that it is possible to embed security throughout the processes. We are now helping VGZ to actually realise that integration.” And Meijer is also talking to other service providers about this component in Secure by design: “I get the same question from the healthcare sector and the banking sector. Everyone thinks it is strange that so few IT companies are passionate about this subject. Ordina is clearly ahead of the game on this front.”



**“Security and privacy
have to be shared
responsibilities
for everyone.”**
– *Vincent Meijer,*
**owner business proposition
Security & privacy, Ordina**

RISK



RISK MANAGEMENT

Risk management is an important part of Ordina's corporate governance, of our Business Management Framework (our digital management system) and our business principles.

Ordina's risk management recognises strategic, financial, operational and compliance risks.

Risk management is an integral part of our business planning and review cycle. As part of its business planning cycle, Ordina conducts a bottom-up risk assessment of its operations in the Netherlands and Belgium/Luxembourg. In addition to this, the management also conducts a top-down risk assessment. We assess all relevant risks for likelihood and impact according to a predetermined structure, and we weigh the risks on that basis. We include the findings of these assessments in our regular reports, which are subsequently discussed during regular reviews, in the Executive Committee and with the Supervisory Board.

On the basis of the assessment of likelihood and impact, we also determine Ordina's risk appetite. The reasons risks may be qualified as unacceptable are:

- Any danger to our continuity.
- Any danger to our reputation in the fields of compliance and integrity.
- Any material impact on revenues and, more specifically, on our profitability.

In addition, we have also determined a risk management ambition per risk on the basis of the extent to which we can influence a risk and the developments relating to each risk. In this context, we also assessed any opportunities that may be associated with a risk, which might mean that fully mitigating a risk may not always be desirable. The measures we take are designed to move the risks towards the ambition level we have set. The rate at which we achieve this ambition depends on the risk and market developments.

The risks included in this annual report are directly related to market developments, our market positioning and our business operations. The heatmap on page 92 shows the risks on the left, positioned in line with our assessment of said risks at the end of the year. This shows which risks (could) have the greatest impact on our business operations should they materialise. The movement of the risk compared with the previous year (illustrated with the arrow) shows how the risk manifested last year. On the right, the direction of the arrow shows our ambitions for the risks. We then describe this ambition for each risk, the developments in the past year and the measures we are taking to limit the likelihood of that risk materialising or to mitigate the impact of same.

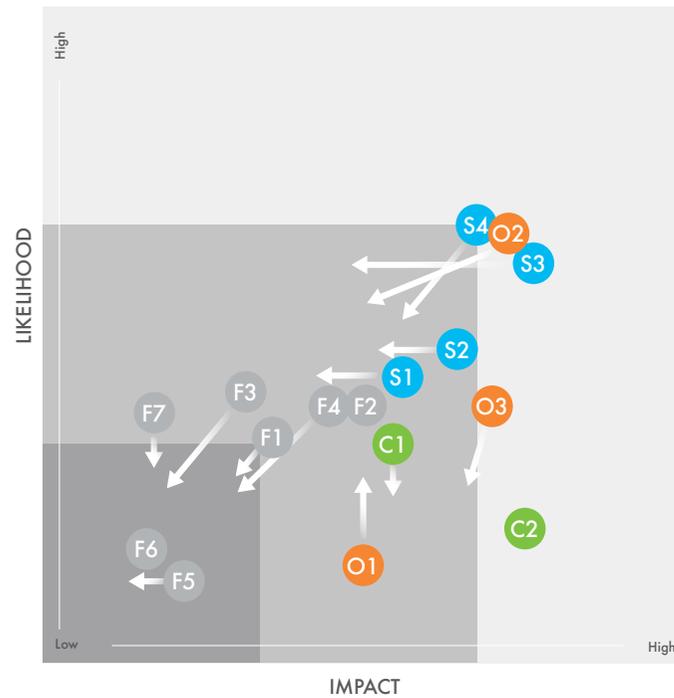
RISK

MOVEMENT



- The ball shows the current position
- ➔ The arrow shows the movement over the past year

AMBITION



- The ball shows the current position
- ➔ The arrow shows the direction of our ambition

STRATEGIC

- S1 Sensitivity to economic cycles
- S2 Ordina's relative scale
- S3 Consequences of threats or acts of terrorism
- S4 Rise of small, specialist companies

FINANCIAL

- F1 Liquidity risk
- F2 Pressure on consultancy rates
- F3 Credit risk
- F4 Impairment of goodwill
- F5 Valuation projects in progress
- F6 Foreign operations
- F7 Valuation deferred tax assets

OPERATIONAL

- O1 Growing risk profile client projects
- O2 Scarcity on the employment market
- O3 Data security and legislation

COMPLIANCE

- C1 Failure to comply with laws and regulations
- C2 Reputation damage

Strategic risks

Strategic risks may have an impact on the achievability of Ordina's strategic objectives. We explain the main strategic risks below.

S1 Sensitivity to economic cycles

Economic fluctuations, due to factors such as an unstable (geo) political situation, in combination with a relatively fixed cost structure, will have a direct impact on our results.

Development: the high market demand for IT services has reduced the impact of this risk should it materialise. However the likelihood of this risk materialising has increased, as the macro-economic outlook is more negative. We are seeing the first signs of a decline in demand in some sectors.

Measure: we aim to create more added value in our services by focusing on our five business propositions, plus we look to forge sustainable partnerships to maintain and strengthen our client relationships. In addition, we are aiming to achieve a manageable cost structure, a flexible pool of temporary staff and to increase revenues from long-term contracts. Revenue is also spread across various markets (financial services, public sector, industry and healthcare).

Ambition: our measures are aimed at reducing the impact of this risk to the medium end of the scale. We do not consider a reduction to a low impact and/or low

likelihood feasible and we do not consider it desirable to mitigate this risk to low, as our services are sensitive to economic fluctuations, which also creates commercial opportunities.

S2 Ordina's relative scale

Some (potential) clients occasionally have concerns or doubts regarding Ordina's scale in relation to the scale of the client or the contract. On the other hand, Ordina could quickly become dependent on a specific client when revenues from that client increase.

Development: the concentration of our revenue with a number of large clients has declined, which has resulted in a reduction of the impact.

Measure: we are targeting growth in all our markets and focus on clients that fit Ordina's profile. We are also looking to close more long-term contracts.

Ambition: we strive to reduce the impact of this risk to the medium end of the scale in terms of likelihood and impact. The focus on our key accounts means that we believe a certain level of dependence is acceptable.

S3 Consequences of threats or acts of terrorism

It is possible that (the threat of) acts of terror may result in restrictions on travel, that particular locations may be inaccessible for longer periods of time, or that the operations of clients are temporarily brought to a

standstill. This has direct implications for our services.

Development: this risk is unchanged.

Measure: we aim for maximum flexibility and location-independence in our work. This goes beyond our own infrastructure, as we proactively strive to reach agreements with our clients on this front.

Ambition: unfortunately, we cannot influence the likelihood of this risk materialising. However, we aim to considerably reduce the impact of this risk, and consider the medium end of the scale a realistic target.

S4 Rise of small, specialist companies

We are seeing a steady increase in the number of small, specialist companies coming on the market, as competitors in terms of both our services and on the labour market. The reason for this is the decline in demand for all-encompassing projects, and client demand for specific sub-solutions. In addition, these companies are doing a great deal to be attractive employers for their staff.

Development: this risk is unchanged.

Measure: we are working on a more sharply defined market positioning, which gives clients and (potential) employees a much clearer idea of what we stand for and why we can provide an attractive working environment for existing and future employees.

Ambition: we strive to reduce the impact of this risk to the medium end of the scale. We consider it unlikely that

we would be able to reduce either the likelihood or the impact of this risk to low: we operate in a competitive market, which means this risk also comes with commercial opportunities.

Financial risk

Financial risks are risks related to financing, the financial results, the financial stability of partners in the chain and fiscal risks. The main financial risks are as follows:

F1 Liquidity risk

The increasingly critical stance adopted by financiers is limiting financing opportunities in the market.

Development: this risk is unchanged.

Measure: we aim for the continued reduction of our average net debt through the intensive monitoring of our working capital and the structural reduction of our costs. We continue to monitor our working capital intensively and take any possible optimisation measures to further improve our liquidity position.

Ambition: our efforts are aimed at reducing both the likelihood and impact of this risk. This risk will decline to low in terms of likelihood and impact.

F2 Pressure on consultancy rates

The rates for the professional services of commodity service providers could come under further pressure due to freelancers and brokers.

Development: due to the scarcity of IT professionals, the impact of this risk has declined.

Measure: we target above-average performance levels and clear added value for our clients, by providing clients with an integrated package of the various services that Ordina offers. In addition to this, we focus on innovation, so that we can offer clients clearly identifiable added value vis-a-vis the delivery of capacity.

Ambition: we consider this level of risk acceptable, as these rates are a substantial part of our earnings model and entail both risks and opportunities.

F3 Credit risk

Due to market circumstances, clients, suppliers or vulnerable groups could experience liquidity, solvency or continuity issues.

Development: this risk is unchanged.

Measure: internally, we report periodically on payment behaviour and the outstanding invoices sent to (vulnerable) partners in the chain. We periodically assess the creditworthiness of our partners, on the basis of strict limits.

Ambition: our efforts are aimed at reducing both the likelihood and impact of this risk, as a result of which both likelihood and impact are low.

F4 Impairment of goodwill

Market circumstances and forecasts may sometimes necessitate the impairment of goodwill on acquisitions.

Development: due to the improvement in returns in 2018, the likelihood of this risk was lower than it was in the previous year.

Measure: we are targeting growth in all our markets to improve our returns and we strictly monitor our costs. For more information, see note 8.6 of the financial statements on page 157.

Ambition: we aim to further reduce both the likelihood and the impact of this risk to low.

F5 Valuation of projects in progress

Projects can be complex due to the scale, the desired functionality, the applied technology or the involvement of several parties. With respect to projects for which Ordina bears financial responsibility, this can result in financial risks in the valuation of contract assets or contract liabilities.

Development: due to the fact that the scale of projects is declining and the fact that we increasingly work according to agile principles, the likelihood and impact of this risk has declined.

Measure: Ordina maintains a strict schedule for the internal reporting of our result obligations, with specific attention devoted to the reliability of estimates and planning schedules. The valuation of projects in progress is an important part of our month-end procedures and we discuss the most important and the most high-risk projects during regular reviews.

Ambition: we aim to further reduce the potential impact of this risk.

F6 Foreign operations

Our operations in Belgium/Luxembourg are further removed (geographically) from our head office and operate in their respective markets with their own employees, clients and management. This entails a risk that these offices might operate too autonomously.

Development: this risk is unchanged.

Measure: the foreign operations are part of the Belgium/Luxembourg division. This division is managed in line with the Netherlands division. The directors of the Belgium/Luxembourg division have seats on the Executive Committee, which safeguards their engagement with the rest of the company. The financial function in Belgium/Luxembourg is managed centrally in functional terms.

Ambition: this risk is at our ambition level.

F7 Valuation deferred tax assets

At year-end 2018, Ordina had loss carry-forwards totalling EUR 42.3 million. In the context of these loss carry-forwards, Ordina recognised a deferred tax claim of EUR 9.0 million. There is a risk that it will not be possible to offset these loss carry-forwards quickly enough, as a result of which (a part of) the deferred tax claim will have to be depreciated.

Development: In 2018, Ordina recorded an impairment of deferred tax assets of EUR 2.2 million, due to the change in legislation that has lowered future corporate income tax rates. In addition to this, 2018 saw an improvement in Ordina's returns. These developments have reduced both the likelihood and impact of this risk.

Measure: we are targeting growth in all our markets and continue to closely monitor our cost structure to improve our returns. This reduces the risk of any depreciation of the deferred tax claim. For more information, please see note 11 of the financial statements on page 163.

Ambition: our aim is to reduce both the likelihood and the impact of this risk to low.

Operational risks

Operational risks are unexpected developments that may have a negative impact on internal processes, employees, clients and systems. The main operational risks are as follows:

O1 Increasing risk profile client projects

There is a growing need among clients to transfer responsibility to their suppliers. This combined with a growing claim culture has raised the risk profile of our projects.

Development: both the likelihood and the impact of this risk have declined, as the use of agile principles has reduced the level of obligation to produce results and due to the fact that projects are becoming smaller in scale.

Measure: our approach to projects ensures both control and buy-in and commitment from all parties involved. During the acquisition phase, our Deal Review System ensures a critical assessment of opportunities and risks and involvement at the right level of management.

Ambition: our measures aim to control the impact of this risk and keep it at the medium end of the scale.

We consider this level acceptable since we want to maintain our project portfolio as a valuable component of our earnings model. Due to the fact that we are looking to expand our project portfolio, we would find an increase in the likelihood of this risk materialising acceptable.

O2 Scarcity on the employment market

There is a shortage of highly-trained IT professionals. This is due in part to a limited supply on the labour market and in part to lower retention rates (the retention of expert and experienced employees), due to other factors such as the current economic conditions.

Development: the likelihood and impact of this risk declined slightly over the past year.

Measure: we are targeting a clearer market positioning, through our focus on the five business propositions.

This makes it much clearer to existing and future employees what we stand for. In addition to this, we strive to create an innovative working environment, to make Ordina an attractive employer, with an excellent reputation in the field of integrity and high employee engagement. On top of this, our Young Professionals programme offers opportunities for young newcomers.

Ambition: we aim to reduce both the likelihood and the impact of this risk to medium.

c3 Data security and legislation

Data security is vital in the current digital era. Confidential information can fall into the wrong hands due to cybercrime or the failure of IT systems.

Development: due to our programme related to the introduction of the GDPR and the attention devoted to this subject, the likelihood of this risk materialising declined.

Measure: we work constantly on our security organisation and on increasing awareness. In addition, we are taking steps to safeguard our own data systems and those of our clients. Parts of our services are certified according to ISO 27001 standards, as well as NEN 7510 standards.

Ambition: we consider it feasible to reduce the impact of this risk slightly. The measures we take are primarily aimed at considerably reducing the likelihood of this risk materialising.

Compliance risks

Compliance risks include any and all issues that could lead to the likes of reputation damage, legal damage, sanctions imposed by regulatory bodies and financial damage as a result of the failure to comply with prevailing laws and regulations. The main compliance risks are as follows:

c1 Failure to comply with laws and regulations

In its operations, Ordina must comply with laws and regulations in areas such as labour conditions and human rights. In addition, Ordina obviously has to comply with laws and regulations related to reporting and its stock exchange listing. This also applies to the tender laws and competition laws, to prevent corruption and bribery among other things, as well as the General Data Protection Regulation (GDPR).

Development: the measures we have taken and the growing awareness in the field of security, privacy and integrity, have slightly reduced the likelihood of this risk materialising.

Measure: by taking a multi-disciplinary approach, we have increased the awareness of existing and changing laws and regulations and the related risks. In operational terms, we monitor compliance via our Deal Review System and several specific procedures, such as those relating to integrity.

Ambition: we aim to further reduce this risk to low. We consider our influence on the impact of this risk to be limited.

c2 Risk of reputation damage

Unfavourable reports about Ordina in the Dutch press and other channels might damage Ordina's reputation. **Development:** both the likelihood and impact of this risk are unchanged.

Measure: following the introduction of our integrity policy, we organised a number of follow-up sessions in the various management teams. We are constantly looking for ways to increase our employees' awareness and knowledge on this front. For instance, we organise awareness sessions for new employees and others. For more information, see the integrity section in the chapter About Ordina on page 15 of this annual report.

Ambition: we believe that we have taken all possible measures to reduce this risk to an acceptably low level. We consider our influence on the impact of this risk to be limited. That puts the risk at our ambition level.



INDUSTRY



“I’m proud of the way we continuously innovate together.”
– *Bart Dessent,*
corporate information manager,
Ewals Cargo Care



Intelligent
data-driven
organisations

COST OPTIMAL ROUTING FOR EWALS CARGO CARE

Ordina develops planning system logistics services provider

Ordina has developed a Cost Optimal Routing system for logistics services provider Ewals Cargo Care. Thanks to this new system Ewals will now be able to determine the most optimal European routes in terms of costs and do so much more efficiently. This is a great example of Ordina’s business proposition Intelligent data-driven organisations.

Multi-modal transport

Ewals Cargo Care is a major European logistics services provider with a head office in the Netherlands and offices in eighteen countries. The company’s main focus is on multi-modal transport and freight management for clients in the automotive and retail industries.

Partnership

Ewals’ partnership with Ordina dates back to 10 years ago, when Ewals asked Ordina to visualise its planning at a central level. Kris Van Marcke, manager Supply Chain Optimisation at Ordina Belgium, was involved right from the start of this partnership. Van Marcke: “Our work at Ewals started with visualisation and the potential for central planning. After this, the focus

moved increasingly towards the optimisation of the company’s planning systems. This is because we always aim to forge close end-to-end partnerships with our clients. This means that we never limit ourselves to the delivery and maintenance of the software. Together with our clients, we explore all strategic options and look at how we can translate these into optimum system support. This means that we are constantly thinking about what can be done more effectively and how we can create more added value by using smarter automation. We were ready for this acceleration in 2017 and we realised it in 2018.”

Smarter planning

Ordina developed the Cost Optimal Routing system based on Quintiq technology. This planning system means Ewals Cargo Care can now use an intelligent algorithm to calculate the optimum multi-modal routes for its clients, and do it both quickly and efficiently.

Thanks to this central planning solution, not only can the company plan its clients’ freight transport much more efficiently; it can also cut costs quite considerably.



Van Marcke: “Ewals has hundreds of employees directly or indirectly involved in planning. And of course those people all have their own habits. But sometimes, less obvious routes are actually smarter; for instance if it’s better on a particular route to combine the trailer with another freight, or if you can avoid a ferry that is almost full. Cost Optimal Routing shows you that smarter route.”

“The planners are enthusiastic about the new system,” says Van Marcke. And Bart Dessent, corporate information manager at Ewals Cargo Care, is pleased with the cooperation with Ordina: “I’m proud of the way we continuously innovate together. This planning application gives us a great basis for the future.”

**Sometimes,
less obvious routes
are actually smarter;
for instance if it’s
better on a particular
route to combine the
trailer with another
freight.”**

**– Kris van Marcke,
manager Supply Chain
Optimisation, Ordina Belgium**

GOVERNANCE



The Governance chapter includes detailed information on our operational governance, as well as the Management Board's in control statement and the report of the Supervisory Board.

Our operational governance is based on three pillars:

1. Business principles
2. Sound management
3. Internal controls

Business principles

Our code of conduct and the related guidelines provide guidance for the actions and conduct of both management and staff. We operate our company according to sound economic principles, we are a loyal partner, a reliable supplier, a socially responsible employer, and we take our corporate social responsibility seriously.

Social policy

The aim of Ordina's personnel policy is to find a good balance between the interests and opportunities of the company and those of its employees. We offer employees equal opportunities for personal growth and career development and strive for fair treatment in the event of any conflicts. We do our utmost for the well-being of our employees through an active vitality policy and provide good working conditions.

Integrity

Ordina wants to be an honest and reliable company. Integrity should be woven into the very fabric of the Ordina organisation. Acting with integrity lies at the heart of every relationship and every contact. It creates trust and it determines our success. But any lack of integrity could undermine the continuity of our business. We monitor risks in the fields of business integrity (including anti-corruption and bribery) and personal integrity (including human rights) on the basis of our integrity policy.

This integrity policy is based on three pillars: policy, integration in the organisation and the knowledge and development of our employees. We devote a great deal of attention to the development, awareness and knowledge of our employees on this front. Our code of conduct lays down the level of integrity Ordina expects and the appropriate attitude to same. In addition to the code, we have a broad range of interrelated guidelines that also offer concrete guidance on subjects such as anti-bribery, gifts and business entertainment, the prevention of fraud, the prevention of conflicts of interest, fair competition and handling confidential information.

Ordina safeguards these norm-setting parameters through an annual review of policy documents, including the code of conduct and the related guidelines. We also evaluate suggestions from employees. In

addition to this, we conduct biennial risk assessments that provide insight into whether extra control measures are required with respect to a number of relevant themes, including anti-corruption and bribery.

In the context of our integrity policy, in 2018 we once again organised a mini-workshop for new employees, during which the Compliance Officer explains how Ordina handles integrity issues.

Ordina has embedded the integrity policy in the organisation in a number of ways, including via reports and regular consultations:

- We have a clear procedure for dealing with incidents;
- We organise interdisciplinary consultations between the Compliance Officer, the Assurance director, the Privacy Officer and the Corporate Security Officer;
- We have consultations on the compliance function with local Compliance Officers and Compliance confidential counsellors;
- We have mandatory internal reporting lines from the Compliance Officer to the Management Board and the Supervisory Board;

In 2018, Ordina received two reports in the context of the code of conduct reporting scheme. Ordina includes the subjects of any reports in the annual update of the code of conduct, internal training courses and the related guidelines. Ordina also believes it is important to

maintain stable and honest relationships with its business partners. In that context, Ordina expects its business partners to act with integrity and honesty and to abide by laws and regulations. To safeguard this, Ordina has drawn up a suppliers code, which suppliers must abide by. The obligation to do so is part of Ordina's contracts and purchasing conditions. The above-mentioned suppliers code covers subjects such as human rights and anti-bribery and you can find it on Ordina's website.

Fair competition

We advocate fair and open competition in all markets and countries in which we are active. We refrain from closing agreements with other players in our sector that might have a deleterious effect on a client's freedom of choice.

Transparency

Ordina's annual and interim reports, plus trading updates, are publicly available and are published on our website. In these reports, we report our performance faithfully, scrupulously, transparently and in a timely fashion. We draw up our annual and interim reports in accordance with the principles for financial reporting and any legal requirements. Except in those instances when the company has just reason to delay the publication of such information, the company will publish any information that qualifies as share price sensitive immediately in a press release.

Corporate Social Responsibility

Ordina is aware of its role in society. Partnerships in Sustainable Innovation and Corporate Social Responsibility are embodiments of the same principle: using know-how and expertise sustainably for the benefit of people and society. We have identified five themes in our sustainability strategy: employees, clients, society, suppliers & resources and external obligations & validation. We explain these themes in more detail in the chapter Corporate Social Responsibility, where we also present the results achieved in 2018 (page 73).

Our policy on the payment of taxes

Ordina believes that ethically responsible conduct with respect to the payment of taxes should be an integral part of any sustainable business operation. Ordina believes that meeting its obligations to pay taxes creates long-term value for all its stakeholders.

In line with our business principles, Ordina believes in ethically responsible conduct with respect to the payment of taxes. Ordina acts at all times in accordance with all applicable laws and regulations. We endorse the tenet that taxes should be paid on the basis of the fair share principle. Ordina's tax position is consistent with normal business operations and is based on its corporate strategy, its business principles and the geographical distribution of its operations. Each action related to the planning of tax positions should be related to the

company's normal business operations and be in line with Ordina's business principles. Ordina acts according to both the letter and the spirit of the law. Ordina does not make any use of so-called tax havens. Ordina 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 arm's length principle. Ordina meets all its obligations in transfer-pricing documentation.

We closely monitor all new developments in the field of relevant documentation obligations. The tax payments Ordina makes are primarily corporate tax, dividend tax, sales tax, payroll tax and social premiums. Results are recognised where Ordina is legally registered, as a result of which Ordina pays corporate tax in the Netherlands, Belgium and Luxembourg. Ordina communicates with the tax office on the basis of reciprocal trust and transparency. Ordina consults with the tax office periodically to discuss significant fiscal matters and developments. Ordina consults with the tax office in advance with respect to significant fiscal matters, if such is deemed necessary.

Ordina currently has no agreements with the tax office in the context of so-called horizontal supervision, but the company does operate on the basis of the key principles of same.

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 it is part of the Ordina Risk Control Framework. As part of our risk management, tax risks and tax positions are discussed in the Executive Committee and the Supervisory Board's audit committee. The external auditor determines whether the tax position presented in the financial statements is a true and fair representation of same. Ordina and the external auditor consult with each other in this context, and discuss any relevant transactions and the communications with the tax office.

Sound management

Ordina attaches a great deal of importance to internal governance. We continuously assess and further professionalise this governance. We devote systematic attention to our governance structure, processes, systems and controls. Our internal governance comprises the following building blocks:

- Strategy development;
- Analysis of results, forecasts and internal reporting cycle;
- Transparent organisation;
- Transparent process for dealing with incidents;
- Project controls;
- Control self-assessment and audits (see section on Internal Controls on page 104)

Strategy development

Ordina scrutinises its strategy and the related targets and ambitions on an annual basis. Where necessary, we make adjustments based on market developments and the opportunities and threats we have identified. If we deem this necessary, we conduct a strengths and weaknesses analysis and a strategic risk assessment to identify any potential need for adjustments. This is the responsibility of the Management Board. The Board also discusses Ordina's strategic direction extensively with the Supervisory Board at least once a year.

Ordina's strategic targets and the various divisions' contributions to achieving one or more of those targets serve as the basis for our business plans and long-term plans. Our long-term planning is based on estimates of the assumed market developments in the Netherlands and Belgium/Luxembourg.

Ordina's business plan includes a financial budget per business unit. On top of this, it includes concrete business targets that have been translated into several Key Performance Indicators (KPIs), which we monitor for progress continuously throughout the year. In addition, Ordina uses the OGSM (Objective, Goals, Strategies and Measures) method to translate our goals and ambitions into concrete and measurable actions and to monitor the progress.

Analysis of results, forecasts and internal reporting cycle

We analyse the financial results of the business units and their forecasts on a monthly basis, both at local and at corporate level. This analysis also includes newly identified risks, as a complement to the risk assessment in the budget phase. We translate any risks that have been identified into measures. The management subsequently reports periodically on the results of these measures.

The management and the business controllers of the various business units submit monthly written progress reports. They report to the Management Board on the status of the targets defined in their business plan, the related KPIs and financial performance and related risks. Based on these reports, we hold monthly review meetings to discuss at the very least the following subjects:

- actions agreed upon during prior reviews;
- relevant commercial developments;
- significant client developments;
- the financial performance over the past month and updated forecasts;
- progress in terms of the risks identified;
- turnover and recruitment of staff;
- progress and risks in the execution of key contracts.

Transparent organisation

At Ordina, we have formalised processes, responsibilities and mandates, the division of tasks, policies and guidelines, administrative requirements and controls within the company in a clear and accessible manner in the Business Management Framework (BMF), in combination with our Risk Control Framework.

The business unit management is responsible for the correct application of processes and systems. Business control supports the management in the application and continued development and professionalisation of the management system as a risk management tool.

The Business Management department monitors the correlation of the management system with Ordina's goals right across the Ordina organisation. Our management system is an integrated system, incorporating the requirements for quality (ISO 9001), business operations (AO), the environment (ISO 14001), sustainability and CSR (ISO 26000) and data security (ISO 27001) set by international norms and laws and regulations. Ordina is assessed externally by an independent certified body for compliance with these norms and standards.

Ordina's financial administration runs on SAP, which is the primary system for the administration and business operations in the Ordina organisation. The continued optimisation and concretisation of the operational management remained on schedule in 2018. In the year

under review, Ordina also met the requirements for a level 5 certification on the CO₂ Performance Ladder and achieved EcoVadis gold level in Belgium.

Transparent process for dealing with incidents

Ordina has set up a transparent process for incidents in the fields of security, privacy, integrity and compliance. All incidents are registered and the designated member of staff monitors the resultant procedures. These are chosen from a limited number of potential scenarios and we devote attention to potential improvements to reduce the likelihood of such incidents in the future.

For instance, in the event of a report via one of the channels cited in the Speak Up policy of the Code of Conduct, we first look for independent verification of the issue cited in the report. If the report is sufficiently concrete, we conduct a preliminary investigation of the facts. Depending on the outcome of such an investigation, we then take measures. These can be measures against people or measures aimed at making improvements or the tightening of policy and/or guidelines. We also have a data breach procedure in the event of (potential) data leaks, in which the responsible functionaries ensure the correct procedures are followed and (if necessary) the required reports are made. These reports, investigations and the outcome of same are compiled in quarterly reports. These reports are

discussed in the Management Board and the Supervisory Board. The Management Board receives weekly progress reports during any investigations.

Privacy & security

Ordina sees the subjects privacy and security as major priorities, given the tightening of privacy laws and the increase in threats and risks in digital environments. On this front, in addition to the regular activities of the responsible functionaries, we are also working on the implementation of the European General Data Protection Regulation (GDPR), partly under the supervision of our Privacy Officer.

Project management

Acquisition

Ordina strives for the sound and effective management of projects in which we bear responsibility for results. This starts with a critical review of opportunities and threats during the commercial process. We also review the mandatory involvement of the right level of management, depending on the size and the risk of a potential contract.

We implemented the Deal Review System (DRS) to safeguard this process. For instance, this system enables us to make well-informed decisions at every stage of the tender process as to whether or not it is advisable to submit a bid for a project.

Key elements of the DRS include the assessment of risks, as well as the control measures we have in place to mitigate those risks. When we accept projects and management contracts, we obviously accept a certain level of risk. However, we believe these risks have to be manageable and transparent. Our track record, experience, strict project management and contractual agreements with our clients, including a realistic division of liability, are all key factors in the mitigation of these risks. Our Business Management department monitors the consistent application of the DRS.

Execution

Ordina has an approach to project execution inspired by Prince2, as well as an agile approach. For management contracts, we have a comprehensive approach that is ISAE 3402 certified.

Ordina sees sound project management as a key condition for the realisation of project targets. We want to provide our clients with added value by maintaining a clear focus on what we can do to help them achieve their own business goals and by making sure that our services continue to facilitate those goals. The progress of key projects is discussed in the business units' monthly review meetings, together with the main conclusions in the findings of the internal audit function.

Internal controls

Audits

The internal audit function reports directly to the Management Board and conducts independent audits of the correct application of and compliance with internal procedures and guidelines. These audits focus on both financial and operational elements. The department reports its activities to both the Management Board and the Supervisory Board's audit committee on a quarterly basis. The goal is to use the audit findings as a basis for the continuous professionalisation of our internal control structure. In addition, these formalised procedures also help us to continuously increase risk awareness within Ordina. The external audits are conducted by organisations such as DNV-GL (Det Norske Veritas-Germanischer Lloyd) and our external auditor EY.

The external audits cover the management system used, the administrative organisation, the Risk Control Framework and the financial results. In the context of the audit of the annual financial statements, the external auditor assesses the design, the existence and – in part – the operation of internal control procedures that are important when drawing up the annual financial statements. The external auditor reports the findings of their audits to the Management Board and to the Supervisory Board, both orally and in writing.

Risk management and control systems

Our internal risk management and control systems are designed to help ensure that we have sufficient certainty at all times regarding the extent to which we are achieving our strategic and operational goals. The systems are also designed to guarantee the reliability of our financial reporting, to ensure that we act in accordance with the laws and regulations that apply to our organisation. Ordina sees the configuration of our internal risk management and control systems for our strategic, operational, compliance and financial (reporting) risks as a high priority. In view of internal and external developments, we continuously refine and improve these systems.

These systems can never provide absolute certainty and it is possible that Ordina's reporting contains material inaccuracies. You will find more information about our corporate governance on the Ordina website.

In control statement

The annual report describes the existing internal risk management and control systems. The Management Board believes this description provides sufficient insight into design and operation of those systems, including any limitations.

In the year under review, Ordina evaluated the (effectiveness of the) design and functioning of our existing internal risk management and control systems. We discussed the findings of this evaluation, including an evaluation of our risk profile, with the audit committee and the Supervisory Board. On the basis of the evaluation of our internal control structure, it is the Management Board's opinion that in the year under review the internal risk management and control systems functioned properly, and that they provide reasonable assurance that the financial information is free from material misstatements.

In the current situation, the Management Board believes that the continuity of Ordina N.V. is assured for the coming twelve months. In line with this expectation it is justified that the financial reporting is drawn up on a going concern basis. The internal risk management and control systems are described in more detail in the Governance chapter on pages 104 through 105 of this annual report. The material risk and uncertainties that

have an impact on the business operations and continuity of same for a period of twelve months after the drawing up of this annual report are explained in the Risk chapter on pages 90 through 96 of this annual report.

On the grounds of the above, Ordina complies with best practice provisions 1.4.2 and 1.4.3 of the Dutch Corporate Governance Code.

In addition to this, the Management Board hereby declares, in accordance with section 5.25c of the Dutch Financial Supervision Act, that to the best of its knowledge:

- The financial statements as per 31 December 2018, presented on pages 121 through 205 of this annual report, and which have been drawn up in accordance with IFRS EU, give a true and fair account of the assets and liabilities, the financial position and results of Ordina N.V. and its consolidated entities;

- The annual report gives a true and fair account of the position of Ordina N.V. as per 31 December 2018 and the course of events during the 2018 financial year and that of its affiliated entities whose financial information has been consolidated in the company's financial statements, and that the annual report describes the principal risks that Ordina N.V. faces.

Nieuwegein, 13 February 2019

Management Board Ordina N.V.

Jo Maes, CEO

Annemieke den Otter, CFO

REPORT OF THE SUPERVISORY BOARD



SUPERVISORY BOARD

The Supervisory Board's primary duty is to supervise Ordina's management, from both a strategic and an operational perspective. The role, tasks and composition of the Supervisory Board are described in the Supervisory Board rules of procedure.

The members of the Supervisory Board are:



Johan van Hall (1960, Dutch) was appointed as a member and chairman of the Ordina Supervisory Board as per 1 January 2019 for a term due to end in 2022. Mr. Van Hall is a Vice-Chairman of the Advisory Board of the Dutch Central Bureau of Statistics (CBS) and senior advisor with the Boston Consulting Group. His previous positions include Vice-Chairman of the Executive Board and Chief Innovation & Technology Officer at ABN AMRO



Pamela Boumeester (1958, Dutch) was appointed as a member of the Ordina Supervisory Board in May 2009 and was appointed Vice-Chairman of the Supervisory Board in May 2012. Ms. Boumeester's other positions include chairman of the board of the Stichting Royal Haskoning DHV, a member of the Supervisory Boards of Jaarbeurs and Heijmans. In addition, Ms. Boumeester is the chair of the Advisory Board at H&S Food Logistics. She is also a judge at the Enterprise Chamber of the Amsterdam district court and executive coach with Quist Executive Coaching. Ms. Boumeester was reappointed as a member of the Supervisory Board for a two-year period on 2 May 2017.

REPORT OF THE SUPERVISORY BOARD



Dirk Anbeek (1963, Dutch) has been a member of the Ordina Supervisory Board since May 2012. Mr. Anbeek is the Chief Executive Officer of Wereldhave and a member of the Supervisory Board of supermarket operator Detailresult Groep. Mr. Anbeek was appointed as a member of the Supervisory Board on 9 May 2012 and reappointed on 26 April 2016 for a term of four years.



Jan Niessen (1963, Dutch) was appointed as a member of the Ordina Supervisory Board in November 2015. Mr. Niessen has been Managing Director of Mont Cervin Sàrl since 2009, and a member of the Supervisory Board of Amsterdam Commodities N.V. Mr. Niessen's first term is due to end in 2019.



Caroline Princen (1966, Dutch) joined the Ordina Supervisory Board in April 2018. She acted as chairman of the board from April 2018 through December 2018. Ms. Princen is also CEO of the Nuts Groep. In addition, she is Chairman of the Supervisory Board of teaching hospital UMC Utrecht and a member of the Supervisory Board of Dutch film institute EYE. Her previous positions include member of the Executive Board of ABN AMRO and a member of the Supervisory Board of Royal Flora Holland. Ms. Princen's first term is set to end in 2022.

You will find the rules of procedure for the Supervisory Board on Ordina's [website](#).

REPORT OF THE SUPERVISORY BOARD

In this report, we provide you with more information on how the Supervisory Board carried out its supervisory tasks with respect to the various issues that arose in the year under review.

Meetings and agenda

Supervisory Board

In the year under review, the Supervisory Board held seven regular meetings with the Management Board, all according to a prearranged schedule. Members of the Executive Committee also attended a number of these meetings. With respect to the meetings of the Supervisory Board and its committees, the table below gives the (rounded off) percentages of the meeting the members attended in 2018:

Johan van der Werf*	80%
Pamela Boumeester	90%
Dirk Anbeek	91%
Aloys Kregting	73%
Jan Niessen	100%
Caroline Princen	100%

* Mr. Van der Werf was a member of the Ordina Supervisory Board until 26 April 2018

Supervisory directors who were not present at one of the meetings were involved in the deliberations and decision-making associated with the meeting in question both in advance and afterwards.

In the aforementioned meetings, we also discussed a number of regular subjects, such as the budget, operational and financial developments, cost controls, culture and integrity (including the functioning of and compliance with the Code of conduct, the (execution of the) strategy, the relationship with the shareholders and risk management.

The external auditor attended the meeting in which the annual results were on the agenda.

Subjects discussed during the annual meeting with the Works Council included the evaluation of the relationship between the Management Board and the Works Council. The Supervisory Board determined that the Management Board and the Works Council have a positive relationship.

The members of the Supervisory Board were in frequent contact with the members of the Management Board outside the scheduled meetings.

In the year under review, the Supervisory Board conducted one meeting in the absence of the Management Board according to a prearranged schedule. In addition, the Supervisory Board met once more in the absence of the Management Board. The Supervisory Board members frequently consulted with each other outside the meetings. During the above-mentioned consultations, we discussed a number of items, including the changes to the composition of the Supervisory Board. The Supervisory Board and the audit committee also consulted with the company's external auditor, both in the presence and in the absence of the Management Board.

Strategy

In the year under review, the Supervisory Board received extensive updates on the (execution of the) current go-to-market strategy with five clear business propositions (High performance teams, Intelligent data-driven organisations, Digital Acceleration, Business platforms and Security & privacy) and the associated opportunities and risks. The Supervisory Board also discussed the execution of the management agenda with the Management Board, including the operational improvements that were implemented.

Supervisory Board committees

The Supervisory Board has appointed two committees from among its members: an audit committee and a remuneration, nomination and HRM committee (RNH committee). The task of these committees is to prepare the discussions and decision-making processes in the Supervisory Board regarding certain specific subjects. The organisation, working methods, tasks and responsibilities of the committees are laid down in the rules of procedure, which are available on the company's website under the header 'Organisational structure'.

Audit committee

The Audit Committee supports the Supervisory Board in their supervision of the Management Board related to subjects such as the (effectiveness of the) structure and functioning of internal risk management and control systems, the financial reporting process and the introduction and supervision of associated internal procedures, the financing of the company and the relationship with the internal and external auditors.

The Audit Committee has two members, at least one of whom has expertise in the field of financial reporting and/or the auditing of financial statements. On 31 December 2018, the committee consisted of Dirk Anbeek (chairman), Aloys Kregting and Jan Niessen.

In the year under review, the Audit Committee had four regular meetings. In accordance with the rules of procedure, all meetings were attended by the CFO, the Finance & Control director and the General Counsel & Compliance Officer. Other members of the finance team were invited to and attended the meetings of the audit committee and on the basis of their expertise reported on relevant subjects, such as the Risk and Control Framework and the application of Robotic Process Automation in the operational finance processes. The CEO, the internal auditor and the external auditor also attended a number of the meetings of the Audit Committee. Over the course of the year, the chairman of the audit committee discussed current issues with the CFO.

In the first meeting of the Supervisory Board following a meeting of the Audit Committee, the chairman of the Audit Committee reported orally on the meeting. In addition, the minutes of the meetings of the Audit Committee were on each occasion sent to all the members of the Supervisory Board and the Management Board.

Subjects discussed by the Audit Committee included the quarterly results and the related press releases, plus the effectiveness of the set-up and functioning of internal risk management and control systems. The Audit Committee also discussed the functioning of the external auditor, as well as comments from the external auditor and Ordina's Assurance department.

Remuneration, Nomination and HR committee

The RNH Committee prepares discussions for the Supervisory Board that relate to subjects such as performance criteria, remuneration and the employment terms of the members of the Management Board and other HR-related issues within the company. The RNH Committee supports the Supervisory Board in its supervision of the Management Board with respect to subjects including the policy of the Management Board related to selection criteria and appointment procedures for upper management positions and management development.

The RNH Committee has three members. On 31 December 2018, the RNH Committee consisted of Pamela Boumeester (chairman), Jan Niessen and Caroline Princen.

The RNH Committee met three times in the year under review. The CEO and CFO attended the meetings. The General Counsel & Compliance Officer and the HRM Director also attended the parts of the meetings relevant for them. In the first meeting of the Supervisory Board following a meeting of the RNH Committee, the chairman of the RNH Committee each time reported orally on the meeting of the RNH Committee. In addition, the minutes of the meetings of the RNH

Committee were on each occasion sent to all the members of the Supervisory Board and the Management Board.

In the year under review, the RNH Committee discussed subjects such as performance criteria for the members of the Management Board, employee engagement, management development, the revision of the job classification system, the filling of senior management positions and succession planning. The RNH Committee also devoted attention to the changes to the composition of the Supervisory Board and the self-evaluation of the Supervisory Board.

Remuneration policy Management Board

Salary development

The basic salary including holiday allowance for the members of the Management Board remained unchanged in 2018. The basic salary including holiday allowance on a full-year basis is EUR 387,551 for the CEO and EUR 271,329 for the CFO.

Short-term bonus

In accordance with the Remuneration Policy Management Board Ordina N.V., the short-term bonus is based on financial and non-financial targets, with the financial targets carrying greater weight than the non-financial targets. The members of the Management Board have the same targets.

If the targets defined as on-target are realised, the short-term variable bonus amounts to 50% of the gross basic annual salary plus the prevailing percentage of holiday allowance.

A number of targets for 2018 were exceeded and a number of targets were not realised. In the year under review, revenues were higher and the company recorded a net profit. The target related to a further improvement in the company's net cash position was also realised. However, the development of the EBITDA lagged the defined target. In terms of the non-financial targets, we concluded that client satisfaction improved when compared to 2017, in line with the defined ambition, as did the employee engagement. On the sustainability front, Ordina once again sharpened the focus of its sustainability strategy in 2018. This was accompanied by concrete targets, virtually all of which were achieved.

In view of the above, the Supervisory Board has decided to grant Jo Maes (CEO) a short-term bonus of EUR 208,237 and Annemieke den Otter (CFO) a short-term bonus of EUR 145,766. This short-term bonus represents a payment percentage of 108% of the on-target amount of the short-term variable bonus, for both board members.

Long-term bonus

Like the short-term bonus, the long-term bonus is based on financial and non-financial targets, in which the financial targets carry more weight than the non-financial targets. These targets are also the same for both members of the Management Board.

If the targets defined as on-target are realised, the long-term variable bonus amounts to 50% of the gross annual basic salary plus the prevailing percentage of holiday allowance. The applicable gross basic salary and the value of the shares in Ordina N.V. to be paid out in the context of the long-term performance-related bonus scheme are measured at the time the shares are granted conditionally.

Each member of the Management Board is entitled to three variable bonus schemes on the basis of which they may obtain performance-related shares. These are a scheme with a term that runs from January 2016 through December 2018, a scheme with a term that runs from January 2017 through December 2019 and a scheme with a term that runs from January 2018 through December 2020.

With respect to the scheme that ran from January 2016 through December 2018, we have determined the development of the revenue was in line with the defined ambition. The targets with respect to the EBITDA

margin and net profit were not realised. In terms of the non-financial targets, including image and client satisfaction, the company achieved solid results, in line with defined targets.

In view of the above, we have unconditionally granted Jo Maes 30,701 performance-related shares and Annemieke den Otter 24,731 performance-related shares. This is equivalent to a payment percentage of 50.3% of the on-target long-term remuneration of the Management Board. We have allocated the shares on a pro rata basis for both members of the Management Board and on the basis of the closing price of Ordina N.V. shares prior to the date of their appointment to the Management Board.

With respect to the scheme that runs from January 2017 through December 2019, the Supervisory Board has conditionally granted Jo Maes 91,646 Ordina N.V. shares and Annemieke den Otter 63,859 shares. The definitive granting of the shares under this scheme will take place in the first quarter of 2020. With respect to the scheme that runs from January 2018 through December 2020, the Supervisory Board has conditionally granted Jo Maes 123,686 Ordina N.V. shares and Annemieke den Otter 86,580 shares. The definitive granting of the shares under this scheme will take place in the first quarter of 2021.

Members of the Management Board are not permitted to sell their shares within two years of those shares being granted unconditionally, unless any sale of such shares is for the sole purpose of paying any levies and premiums due with respect to those shares.

Composition and rotation schedule Supervisory Board

The composition of the Supervisory Board meets the criteria outlined in the profile posted on Ordina's website. The composition of the Supervisory Board is such that its members can operate critically and independently of each other, of the Management Board or any other interest, such within the meaning of the Dutch Corporate Governance Code. Four of the five members of the Supervisory Board qualify as independent within the meaning of best practice 2.1.7 of the Code. In view of the (indirect) shareholding held by Jan Niessen, he qualifies as a dependent Supervisory Board member within the meaning of best practice 2.1.8 of the Code. With the current composition of the board, Ordina complies with best practices 2.1.7 through 2.1.9 of the Code.

In the year under review, there were no transactions involving a conflict of interest on the part of the members of the Supervisory Board or of the Management Board.

Ordina has a diversity policy. The aim of this policy is to create an inclusive culture with regard to both internal and external stakeholders such as employees and suppliers. Both in the composition of internal teams and in the cooperation with external partners (suppliers), the basic premise is to have an inclusive culture and strive for diversity. This pertains to diversity aspects that are relevant to Ordina, such as nationality, age, gender, social background and experience. The aforementioned basic premises of Ordina's diversity policy are also objectives for the composition of the Management Board and the Supervisory Board. In view of the limited size of the Supervisory Board, Management Board and Executive Committee, we believe it would be unrealistic to apply minimum percentages for the various aspects of diversity. When filling any vacancies that arise that are relevant to the Supervisory Board, the Supervisory Board will also take into consideration the aspects of diversity relevant to the company while also making every effort to comply with the mandatory target in terms of gender representation.

On 26 April 2018, the General Meeting of Shareholders appointed Caroline Princen as a member of the Supervisory Board for a term of four years. Caroline Princen succeeded Johan van der Werf who stepped down as chairman as per the end of said General Meeting. Due to her appointment as CEO of the Nuts Group, Caroline Princen resigned as chair of the

REPORT OF THE SUPERVISORY BOARD

Supervisory Board as of 1 January 2019 while remaining a member of said Supervisory Board. In view of the above, an Extraordinary General Meeting of Shareholders was convened on 30 October 2018, during which Johan van Hall was nominated and appointed as chairman of the Supervisory Board as of 1 January 2019, for a term ending at the end of the General Meeting of shareholders to be held in 2022.

During the General Meeting of 26 April 2018, it was also announced that as of the end of the 2019 General Meeting and in line with the rotation schedule, Pamela Boumeester, Jan Niessen and Aloys Kregting will step down as members of the Supervisory Board. Any future reappointment will take into account the rotation schedule and best practice provision 2.2.2. of the Dutch Corporate Governance code. The works council has an enhanced right of recommendation for the position of Pamela Boumeester. Aloys Kregting has in the meantime stepped down as a member of the Supervisory Board in connection with his appointment to the Supervisory Board of De Volksbank.

Remuneration Supervisory Board

The Supervisory Board has re-evaluated its remuneration policy, partly in view of the implementation of the new Corporate Governance Code. The Board found that the complexity of the board members' task has increased, partly due to the expansion of tasks, and that the remuneration no longer sufficiently reflects the currently prevailing amount of time spent and responsibilities of the position.

The Supervisory Board proposed to the General Meeting of Shareholders of 26 April 2018 to change the remuneration as of 1 January 2018 and the General Meeting approved that proposal.

The fixed remuneration for a member of the Supervisory Board was EUR 40,000 in the year under review. The remuneration for the chairman of the Supervisory Board was EUR 60,000 in the year under review. In addition to the above remuneration, the chairmen and members of the audit and RNH committee received an annual stipend of EUR 7,500 and EUR 5,000 respectively. The fixed expenses payment and annual indexation were abolished. You will find further details in note 32.2.5 on page 192.

Performance of the Board

The Supervisory Board evaluated the performance of the Board as a whole, of its committees and that of its individual members. The evaluation was conducted in cooperation with an external party. The evaluation process included interviews with all members of the Supervisory Board. Evaluation interviews were also held with the (individual members of the) Management Board and with the secretary.

The evaluation of the Supervisory Board members devoted attention to matters such as the members' level of relevant know-how related to the company itself, to their contributions in and outside meetings, to the reciprocal cooperation and the interaction with the Management Board. Another issue addressed was whether the members had sufficient time to carry out their assigned tasks effectively.

The outcome of the evaluation was that the Supervisory Board operates effectively and that cooperation as a collective, between the individual members and with the Management Board is good. In the context of education and training courses followed by the Supervisory Board, the Board received additional information about new trends such as digitalisation as part of the extensive strategy discussions. The Supervisory Board also participated in a corporate governance-related

REPORT OF THE SUPERVISORY BOARD

workshop. In addition, new Supervisory Board members follow an extensive onboarding programme. The board did not formulate any additional requirement for education or training. Also in the context of its self-evaluation, the Board found that the demand for information about the operations of the company and the responsibilities of a Supervisory Board member were met sufficiently, also in view of the regular and informal contacts of the Supervisory Board members in the normal course of business and with the company.

With respect to the evaluation of the (individual members of the) Management Board, the Board found that the Management Board operates effectively and that cooperation as a collective, between the individual members and with the Supervisory Board is good. The board did not find any issues that required specific attention.

Corporate governance

General

The Supervisory Board and the Management Board bear joint responsibility for Ordina's corporate governance. The Supervisory Board and the Management Board evaluate Ordina Group's corporate governance structure and a number of related documents on an annual basis.

We conducted a point-by-point analysis of the revised Corporate Governance Code to determine the extent of Ordina N.V.'s compliance with the provisions of the Code (the 'comply or explain' statement). Ordina endorses all the points made in the Code and applies these in all relevant instances, with the exception of the best practice 4.2.3. Individual presentations to investors cannot be followed by a broad audience via webcast, telephone or otherwise. During individual presentations, Ordina uses general presentations which are or will be made available on the Ordina website.

The Corporate Governance statement and the 'comply or explain' statement are available in the Corporate Governance section of the Ordina website. Both documents should be read in conjunction with this section of the annual report and are deemed to have been included herein by virtue of referral.

Dividend policy

The Supervisory Board and the Management Board evaluated Ordina's dividend policy in 2018. The interests of all stakeholders were considered in this evaluation. Based on said evaluation, the General Meeting of Shareholders of 26 April 2018 was asked to approve an expansion of the current policy and the General Meeting agreed to same.

Depending on the judged scope of the (existing or expected) cash position, Ordina's current dividend policy aims for a dividend pay-out ratio of 40-60% of the net profit for a reporting year in cash, based on the premise that balance sheet ratios are healthy and the continuity of the company is safeguarded, as well as on the following conditions: 1) a solvency ratio of at least 35% in the reporting year under review, ii) a historical net debt / adjusted EBITDA ratio of less than 1.25 in Q3 and Q4, and iii) the future net debt / adjusted EBITDA ratio of less than 1.25 in Q1 and Q2 (after payment of dividend).

Financial Statements and discharge

Ernst & Young Accountants LLP has audited the financial statements and issued an unqualified auditor's report. You will find this report from the independent auditor on page 208 of the Dutch version of the annual report 2018.

The Supervisory Board and the Management Board discussed both the financial statements and the external auditor's findings on the basis of their audit of the financial statements in a meeting in the presence of the external auditor. The members of the Supervisory Board have approved and signed the financial statements in accordance with the provisions of article 2:101, section 2 of the Dutch Civil Code. We propose that the General

REPORT OF THE SUPERVISORY BOARD

Meeting of Shareholders adopt the financial statements for 2018 as presented. We ask the General Meeting of Shareholders to discharge the Management Board for their management and, independently of same, also discharge the Supervisory Board for their supervision of said management.

Final remarks

We would like to thank the Management Board and all employees for the results they have achieved, their dedication and their commitment. We would also like to thank our clients and suppliers for the trust they displayed in working in partnership with Ordina to create IT solutions that really do help people move forward.

Nieuwegein, 13 February 2019

Supervisory Board Ordina N.V.

Johan van Hall, Chairman

Pamela Boumeester, Vice-Chairman

Dirk Anbeek

Jan Niessen

Caroline Princen

PROVISIONS IN THE ARTICLES OF ASSOCIATION

Protective measures and Stichting Prioriteit Ordina Groep

The priority share foundation Stichting Prioriteit Ordina Groep ('Stichting Prioriteit') is the bearer of the priority share issued by the company.

Pursuant to the best practice provision 4.2.6 of the Dutch Corporate Governance Code, the company must provide an overview of all outstanding or potentially applicable protective measures that are in place to protect the company from any acquisition of control over the company. The company must also state in which circumstances it expects such measures could be used. The priority share held by the Stichting Prioriteit may be considered such a measure.

The Stichting Prioriteit has a right of nomination in the appointment of members of the Supervisory Board and a right of approval on proposals to amend the company's articles of association. The Stichting Prioriteit has announced it intends to use these rights only in

exceptional cases. These include instances in which the board of the Stichting Prioriteit believes that the continuity of the company and/or its strategy are at risk. This may be the case, for instance, if a public bid is announced or made for the ordinary shares in the company, or if there is a reasonable expectation that such a bid will be made, without sufficient prior consultation with the company on such a bid. Such a situation may also arise if one shareholder or multiple shareholders acting in a mutually agreed manner hold a considerable proportion of the outstanding share capital without making a bid. Another example is a situation in which, in the eyes of the board of the Stichting Prioriteit, one or more shareholders, who are acting in a mutually agreed manner, exercise their voting rights in a manner that constitutes a material conflict with the interests of the company.

In such or other circumstances in which the continuity and/or the strategy of the company are at risk, the board of the Stichting Prioriteit reserves the right to actively exercise its right of nomination in the appointment of

members of the Supervisory Board and the right of approval with respect to proposals to amend the articles of association.

The rights and responsibilities of the Stichting Prioriteit do not prejudice the (statutory) responsibility of the Supervisory Board and the Management Board to investigate all options in the event that the continuity and/or the strategy of the company are at risk, such in order to ensure that the interests of the company, its shareholders and other stakeholders are safeguarded to the greatest possible extent. In the event, for instance, of a hostile takeover bid or other circumstances that the Management Board and the Supervisory Board consider harmful to the interests of the company, the Management Board and the Supervisory Board reserve the right to take all measures possible (including the right to claim a response period in accordance with provision 4.1.7 of the Code). The interests of the company, its group companies and other stakeholders will be taken into consideration in such an instance.

PROVISIONS IN THE ARTICLES OF ASSOCIATION

Appropriation of profits according to the provisions of the articles of association

If any financial statements submitted by the Supervisory Board and adopted by the Annual General Meeting of Shareholders should disclose that a profit has been made in the year under review, the Annual General Meeting of Shareholders shall determine how that profit shall be appropriated. Dividends on preference shares shall not exceed the statutory interest rate prevailing at the date the dividends are declared. If applicable, dividends on preference shares are calculated on the basis of the paid-up amount of their par value.

Appropriation of profits

In the year under review, Ordina recorded a net profit of EUR 6.9 million. The net earnings per share (EPS) amounted to EUR 0.07. The company will submit a proposal to the General Meeting of Shareholders, proposing the payment of a cash dividend of five euro cents per share to be charged to the net profit for 2018. The remaining net profit will be added to the general reserves.

Treasury shares

The Annual General Meeting of Shareholders held on 2 May 2017 authorised the Management Board – subject to the approval of the Supervisory Board – to purchase treasury shares as referred to in article 8 of the articles of association, such for a period of 18 months commencing on 2 May 2017. The treasury shares will be purchased on the stock exchange or otherwise, up to a maximum of 10% of the issued capital as at 2 May 2017 and at a price ranging between (i) the shares' par value and (ii) the share price plus 10%. The share price referred to above shall be equivalent to the average closing price of Ordina N.V. shares as stated in the Official List of Euronext Amsterdam N.V. for the five consecutive trading days immediately prior to the date of purchase.

Significant agreements within the meaning of article 1 sub j of the Decree implementing article 10 of the Takeover Directive

The company has one contract within the meaning of article 1(j) of the decree implementing article 10 of the Dutch Takeover Directive. This involves the credit facility described in note 18 of the financial statements on page 175. If, at any time, a shareholder or a group of shareholders acting jointly should acquire more than 50% of the total issued share capital, control more than 50% of the total number of voting rights or acquire the

right to appoint the majority of the Management Board members, these credit facilities may be terminated.

If the facilities are thus terminated, any unused borrowing capacity will lapse and any issued credit facilities will become payable.

FINANCIAL STATEMENTS 2018



14:54:23

estimated time



CONTENTS FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET	120	17. Reserves	172
CONSOLIDATED INCOME STATEMENT	122	18. Borrowings	174
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	123	19. Employee benefits	176
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	124	20. Other long-term provisions	180
CONSOLIDATED STATEMENT OF CASH FLOWS	126	21. Other short-term provisions	181
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	128	22. Trade payables and other short-term liabilities	182
1. General information	128	23. Personnel expenses	182
2. Summary of significant accounting policies	128	24. Other operating expenses	183
3. Presentation of the statement of cash flows	143	25. Finance income and expenses	184
4. Financial risk management	143	26. Income tax expense	184
5. Critical accounting estimates and judgements	146	27. Earnings per share	186
6. Revenue from contracts with clients	147	28. Dividend per share	186
7. Segment information	149	29. Preference shares	187
8. Intangible assets	155	30. Commitments, contingencies and contractual obligations and rights	187
9. Property, plant and equipment	160	31. Acquisitions and disposals	189
10. Investments in associates	162	32. Related parties	189
11. Deferred income tax assets	163	33. Events after the balance sheet date	193
12. Transition costs	165	COMPANY BALANCE SHEET	194
13. Financial instruments by category	166	COMPANY INCOME STATEMENT	196
14. Trade receivables and other short-term assets	167	NOTE TO THE COMPANY FINANCIAL STATEMENTS	197
15. Cash and cash equivalents	170	34. General	197
16. Share capital	170	35. Financial assets	198
		36. Deferred income tax assets	199
		37. Equity	200

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

(BEFORE APPROPRIATION OF PROFIT)

<i>(in euro thousands)</i>	Notes	2017 Restated	2018
Assets			
<i>Non-current assets</i>			
Intangible assets	8	131,796	130,370
Property, plant and equipment	9	4,959	4,871
Investments in associates	10	371	364
Deferred income tax assets	11	18,253	15,177
Total non-current assets		155,379	150,782
<i>Current assets</i>			
Transition costs	12	123	8
Trade debtors and other short term assets	14	63,604	64,100
Cash and cash equivalents	15	10,889	18,488
Total current assets		74,616	82,596
Total assets		229,995	233,378

The notes 1 through 33 are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER (BEFORE APPROPRIATION OF PROFIT) (CONTINUED)

<i>(in euro thousands)</i>	Notes	2017 Restated	2018
Equity and liabilities			
<i>Equity</i>			
Paid-up and called-up share capital	16	9,326	9,326
Share premium reserve	17	136,219	136,219
Retained earnings	17	-936	612
Profit for the year	17	3,108	6,873
Total equity		147,717	153,030
Liabilities			
<i>Non-current liabilities</i>			
Employee related provisions	19	880	875
Other provisions / long term	20	0	0
Total non-current liabilities		880	875
<i>Current liabilities</i>			
Borrowings	18	0	0
Other provisions / short term	21	839	365
Trade payables and other short term liabilities	22	76,325	74,454
Current tax payable		4,234	4,654
Total current liabilities		81,398	79,473
Total liabilities		82,278	80,348
Total equity and liabilities		229,995	233,378

The notes 1 through 33 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

<i>(in euro thousands)</i>	Notes	2017 Restated	2018
Revenue from contracts with customers	6	342,021	358,522
Cost of hardware, software and other direct costs		5,139	5,262
Work contracted out		88,987	96,508
Personnel expenses	23	220,002	219,731
Amortisation	8	4,775	1,648
Depreciation	9	2,831	2,473
Other operating expenses	24	13,363	18,360
Total operating expenses		335,097	343,982
Operating profit		6,924	14,540
Finance income		0	0
Finance costs		-443	-236
Finance costs - net	25	-443	-236
Share of profit of associates	10	-26	-7
Profit before tax		6,455	14,297
Income tax expense	26	-3,347	-7,424
Net profit for the year		3,108	6,873
Net profit is attributable to:			
Shareholders of the company		3,108	6,873
Net profit for the year		3,108	6,873
<i>(in euros)</i>	Notes	2017	2018
Earnings per share - basic	27	0.03	0.07
Earnings per share - diluted	27	0.03	0.07

The notes 1 through 33 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in euro thousands)</i>	Notes	2017 Restated	2018
Profit for the year	17	3,108	6,873
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains and losses on defined benefit plans	17/19	-16	-5
Tax on items taken directly to or transferred from equity	11/17	4	1
Other comprehensive income for the year, net of tax		-12	-4
Total comprehensive income for the year		3,096	6,869
Total comprehensive income for the year is attributable to:			
Shareholders of the company		3,096	6,869
Total comprehensive income for the year		3,096	6,869

The notes 1 through 33 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(in euro thousands)</i>	Notes	Issued capital	Share premium reserve	Retained earnings	Profit for the year	Total
At 31 December 2016		9,326	136,219	-3,179	5,038	147,404
Restatement		0	0	-57	0	-57
At 1 January 2017 (restated)		9,326	136,219	-3,236	5,038	147,347
Profit for the year (restated)	17	0	0	0	3,108	3,108
<i>Other comprehensive income</i>						
Actuarial gains and losses	11/17/19	0	0	-12	0	-12
Total comprehensive income for the year (Restated)		0	0	-12	3,108	3,096
<i>Transactions with owners</i>						
Appropriation of profit previous year	17/28	0	0	5,038	-5,038	0
Dividend distribution	17/28	0	0	-1,865	0	-1,865
Issue related to share-based payment	16/17	0	0	0	0	0
Share based payments - treasury shares settlement	16/17	0	0	-503	0	-503
Share based payments - cash settlement	16/17	0	0	-597	0	-597
Share-based payments - personnel expenses	16/17/23/32	0	0	239	0	239
Total transactions with owners		0	0	2,312	-5,038	-2,726
At 31 December 2017 (restated)		9,326	136,219	-936	3,108	147,717

The notes 1 through 33 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

<i>(in euro thousands)</i>	Notes	Issued capital	Share premium reserve	Retained earnings	Profit for the year	Total
At 31 December 2017		9,326	136,219	-879	3,110	147,776
Restatement		0	0	-57	-2	-59
At 1 January 2018 (restated)		9,326	136,219	-936	3,108	147,717
Profit for the year	17	0	0	0	6,873	6,873
<i>Other comprehensive income</i>						
Actuarial gains and losses	11/17/19	0	0	-4	0	-4
Total comprehensive income for the year		0	0	-4	6,873	6,869
<i>Transactions with owners</i>						
Appropriation of profit previous year	17/28	0	0	3,108	-3,108	0
Dividend distribution	17/28	0	0	-1,865	0	-1,865
Issue related to share-based payment	16/17	0	0	0	0	0
Share based payments - treasury shares settlement	16/17	0	0	-52	0	-52
Share based payments - cash settlement	16/17	0	0	0	0	0
Share-based payments - personnel expenses	16/17/23/32	0	0	361	0	361
Total transactions with owners		0	0	1,552	-3,108	-1,556
At 31 December 2018		9,326	136,219	612	6,873	153,030

The notes 1 through 33 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in euro thousands)</i>	Notes	2017 Restated	2018
Cash flows from operating activities			
Net profit for the year		3,108	6,873
<i>Adjustments for</i>			
Finance costs -net	25	443	236
Share of profit of associates	10	26	7
Taxes	26	3,347	7,424
		3,816	7,667
Operating profit		6,924	14,540
<i>Adjustments for</i>			
Amortisation	8	4,775	1,648
Depreciation	9	2,831	2,473
Share-based payment	16/17/23/32	239	361
		7,845	4,482
Cash generated from operations profit before changes in working capital and provisions		14,769	19,022
Movements in transition costs		462	115
Movements in receivables		5,211	-496
Movements in current liabilities and provisions		3,402	-1,787
Movements in long term provisions		-3,893	-9
		5,182	-2,177
Cash generated from operations		19,951	16,845
Interest paid		-203	-623
Income taxes paid	7	-5,157	-3,927
Net cash from operating activities		14,591	12,295

The notes 1 through 33 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

<i>(in euro thousands)</i>	Notes	2017 Restated	2018
Cash flows from investing activities			
Purchases of intangible assets	8	-409	-186
Purchases of property, plant and equipment	9	-3,048	-2,663
Divestment of intangible asstes	8	0	0
Divestment of property, plant and equipment	9	29	70
Cash flows from financing activities		-3,428	-2,779
Cash flows from financing activities			
Drawings/repayment under revolver facility	18	0	0
Settlement of share based payment	16/17	-1,100	-52
Dividend distribution to shareholders	17/28	-1,865	-1,865
Net cash used in financing activities		-2,965	-1,917
Net decrease in cash and cash equivalents		8,198	7,599
		2017 Restated	2018
Net decrease in cash and cash equivalents		8,198	7,599
Cash and cash equivalents at beginning of year		2,691	10,889
Cash and cash equivalents at end of year		10,889	18,488

The notes 1 through 33 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Ordina N.V., a private limited liability company, was incorporated in 1973 and has its registered office in Nieuwegein, the Netherlands, under Trade Register number 30077528. Ordina is the largest independent IT services provider in the Benelux region. We focus on giving our clients a digital edge in the sectors financial services, industry, the public sector and healthcare. We do this by devising, building and managing technical applications. Ordina helps its clients to stay ahead of the challenges and changes in their business.

The consolidated financial statements for 2018 comprise the financial information of the company and all its group companies (referred to jointly as Ordina). The Management Board drew up the financial statements on 13 February 2019 and the statements were discussed in the Supervisory Board meeting of 13 February 2019. They will be submitted for adoption to the Annual General Meeting of Shareholders on 4 April 2019. The Supervisory Board also approved their publication on 13 February 2019.

The ordinary shares in Ordina N.V. have been listed on the Euronext Amsterdam stock exchange since 1987 and are included in the Small Cap Index (AScX).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied by Ordina to all periods presented in these financial statements.

2.1. GENERAL

The consolidated financial statements of Ordina N.V. have been prepared in accordance with the International Financial Reporting Standards (IFRS), which have been accepted by the European Union, and their interpretations as adopted by the International Accounting Standards Board (IASB) and the legal provisions of Part 9, Book 2 of the Dutch Civil Code.

The financial statements are published in both Dutch and English. The Dutch version is leading.

The financial statements are denominated in euros (EUR). Amounts are in thousands of euros, unless otherwise indicated, as a result of which rounding differences may occur. The euro is the functional and presentation currency of Ordina N.V. The accounting policies are based on the historical cost convention. Personnel-related provisions ensuing from defined benefit plans are stated at actuarial value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The preparation of the financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis for making aforesaid judgments about the carrying amounts of the recognised assets and liabilities. Actual results and circumstances may differ from these estimates.

The estimates and underlying assumptions are continually evaluated and adjusted where appropriate. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Assumptions and estimates made by management in the application of IFRS that have a significant impact on the financial statements and future periods are disclosed in Note 5.

Application of new standards

In the year under review, where applicable, Ordina applied new and amended IFRS standards and IFRIC interpretations relevant to the company. With the exception of the explanations below, in 2018 the application of other new and amended standards and interpretations had no material impact on Ordina's equity and results and the explanatory note in the financial statements.

Ordina has not applied any published IFRS standards and interpretations that do not apply to reporting periods that commenced on 1 January 2018.

With effect from 1 January 2018, the group applied the standards IFRS 9 'Financial instruments' and IFRS 15 'Revenues from contracts with customers' for the first time. The application of these standards required the adjustment of previous reporting periods. Below you will find a more detailed explanation of the scope of these adjustments.

IFRS 9, 'Financial instruments'

IFRS 9 replaces IAS 39 Financial instruments: recognition and measurement. This standard explains the classification and measurement, impairment and hedge accounting of financial instruments. This standard came into force on 1 January 2018.

Ordina has applied IFRS 9 retrospectively with effect from 1 January 2018 and adjusted the comparable figures for the periods that commenced on 1 January 2017.

The application of IFRS 9 had no material impact on Ordina's financial position or equity.

IFRS 9 requires the recognition of any expected credit loss from trade receivables and contract assets on the basis of the expected settlement period of these assets. Ordina uses the simplified approach, in which the provision for any expected credit loss from trade receivables is determined on the basis of historical credit losses of trade receivables and contract assets, adjusted for economic developments and future expectations relevant to specific receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The impact of IFRS 9 on Ordina's financial position and equity as per 1 January 2017 and 31 December 2017 can be broken down as follows:

<i>(in euro thousands)</i>	1 January 2017	31 December 2017
Assets		
<i>Non-current assets</i>		
Deferred income tax assets	19	20
Total non-current assets	19	20
<i>Current assets</i>		
Trade debtors and other short term assets	-76	-79
Total current assets	-76	-79
Total assets	-57	-59
<i>(in euro thousands)</i>	1 January 2017	31 December 2017
Equity and liabilities		
<i>Equity</i>		
Retained earnings	-57	-57
Profit for the year	0	-2
Total equity	-57	-59
Total liabilities	0	0
Total equity and liabilities	-57	-59

The impact of IFRS 9 on Ordina's statement of income for 2017 can be broken down as follows:

	2017
Other operating expenses	3
Total operating expenses	3
Operating profit	-3
Income tax expense	1
Net profit for the year	-2

The connection of the provision for trade receivables and contract assets as per 31 December 2017 IAS 39 and IFRS 9 can be specified as follows:

	31 December 2017 IAS 39	restatement	31 December 2017 IFRS 9
Provision trade debtors and contract assets			
Trade receivables	241	49	290
Unbilled receivables	0	24	24
Contract assets	0	6	6
Total	241	79	320

The application of IFRS 9 had no material impact on Ordina's statement of comprehensive income, the statement of cash flows, earnings per share and the classification of financial instruments per category.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

IFRS 15, 'Revenues from contracts with customers'

IFRS 15 replaces IAS 18 'Revenue recognition' and IAS 11 'Construction contracts'. The standard came into force on 1 January 2018. The standard follows a five-step model. The premise is that revenue recognised corresponds to the amount the entity expects to receive in exchange for the services and goods delivered.

This standard requires an assessment of all relevant factors and circumstances with respect to contracts with customers at every step in the five-step plan. In addition, this standard specifies the recognition of costs related to the acquisition of a contract and costs directly related to meeting the obligations ensuing from said contract.

In the transition to IFRS 15, Ordina applied the full retrospective approach.

The application of IFRS 15 has no impact on Ordina's balance sheet position or equity at year-end 2016 or year-end 2017.

The application of IFRS 15 does not result in any material change in how revenue is recognised for the services Ordina provides. The impact of the new standard is limited to the qualification agent versus principal. Under the application of IFRS 15, net revenue is recognised in a number of situations in which gross revenue was recognised under the application of the previous standard. The impact on the recognised margin and the net result was zero in both 2016 and 2017.

The impact of IFRS 15 on Ordina's statement of income for 2017 can be broken down as follows:

	2017
Revenue from contracts with customers	-2,867
Cost of hardware, software and other direct costs	-1,696
Work contracted out	-1,171
Total operating expenses	-2,867
Operating profit	0
Income tax expense	0
Net profit for the year	0

The application of IFRS 15 had no material impact on Ordina's statement of comprehensive income, the statement of cash flows and earnings per share.

Agent versus principal considerations

Ordina sometimes closes contracts with clients that involve Ordina, acting on behalf of its client, purchasing hardware, licences or specific services from third parties. Under these contracts, Ordina facilitates the purchase of the goods or services, but does not bear primary responsibility for the actual delivery of said goods or services. Nor does Ordina run any inventory risk before or during the delivery. In addition, Ordina has no influence on the price, as this is determined by the supplier of the goods or services. Ordina does run credit risk on these contracts, given that the obligation to pay the supplier does not depend on whether Ordina's client pays or fails to pay for the goods or services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Under the application of the previous standard, prior to the application of IFRS 15, as a result of the existing credit risks, Ordina determined that these contracts involved significant risks and benefits, on the basis of which Ordina recognised revenues from these contracts as principal. Under IFRS 15, Ordina has determined that it has no control over the services provided by third parties, as a result of which it now recognises these revenues as agent. Revenue is recognised in the amount of the margin to which Ordina is entitled on the basis of the contracts in question.

The change had no impact on Ordina's financial position or equity on 31 December 2017. Ordina has adjusted the statement of income for 2017, which involved reducing the revenue from contracts with customers by EUR 2.9 million, reducing the costs of purchasing hardware and software and other direct costs by EUR 1.7 million, and reducing the costs of outsourced work by EUR 1.2 million.

Costs incurred to meet contract conditions

Transition costs qualify as costs incurred to meet the obligations ensuing from contracts. Transition costs are incurred in the acquisition or implementation of long-term contracts and are related to the installation of systems and processes that occurs once said contracts have been closed. Transition costs pertain primarily to the costs related to the conversion of existing systems to Ordina standards. Transition costs are measured at cost price and are charged to the result during the contract period. The application of IFRS 15 has no impact on the measurement and presentation of the transition costs.

NEWLY PUBLISHED STANDARDS THAT HAVE NOT YET COME INTO FORCE

The following standards and interpretations had been published on the publication date of these financial statements, but did not apply to the consolidated financial statements for the year 2018. The following section includes only those standards and interpretations that Ordina reasonably expects to have an impact on Ordina's explanatory notes, financial position or results when they are applied in the future. Ordina will apply these standards and interpretations as soon as they come into force.

IFRS 16 'Leases'

IFRS 16 was published in January 2016 and replaces IAS 17, 'Leases'. On the basis of this standard, virtually all lease contracts that are currently qualified as operational leases will be treated in a similar fashion to financial leases. The standard comes into force on 1 January 2019. The standard has two exceptions for lessees, namely i) lease contracts pertaining to assets with relatively low underlying value (e.g. personal computers and laptops) and ii) short-term lease contracts (lease contracts with a maximum term of 12 months). At the start of a lease contract, the lessee will recognise a liability related to future lease payments, while simultaneously recognising the right of use on the underlying asset during the lease term.

In view of the fact that Ordina has a large number of operational rental and lease contracts, the application of IFRS 16 will have a significant impact on Ordina's consolidated financial statements. Applying the new standards will lead to a significant increase of total assets and liabilities. In addition, EBITDA will increase as a result of the shift of operational lease costs from operating expenses to depreciation and interest expenses. Under the new standard, lease contracts will

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

also have an impact on the result due to the fact that the financing component within the lease term is greater at the start of the contract term than at the end of the contract term (front-loading).

At year-end 2018, Ordina drew up a detailed estimate of the impact of the application of IFRS 16 with effect from 1 January 2019. Ordina has chosen to apply the modified retrospective approach for the transition. On the basis of the existing contracts at year-end 2018, the expected impact on Ordina's financial position as per 1 January 2019 is as follows: i) the recognition of a fixed asset / right of use of around EUR 34.0 million and ii) the recognition of a lease obligation of around EUR 35.7 million. This is expected to have a negative impact on Ordina's equity of around EUR 0.6 million. The remaining changes pertain to the deferred tax assets and accrued liabilities. Ordina expects this to have a negative impact of around EUR 0.3 million on its pre-tax result in 2019.

The application of the new standard will have no material impact on the covenant calculations as these are defined in the financing agreement (see note 18).

The financing agreement anticipates a future change in the recognition of lease agreements, and states that any obligations by virtue of lease agreements resulting from normal business operations (such as car leases and rental contracts) do not qualify as debt as this is defined in the financing agreement.

For an overview of the liabilities under the current operational lease obligations, please see note 30 of the consolidated financial statements for 2018.

2.2. Consolidation

Group companies are all entities over which Ordina can exercise decisive control. Control is effective if Ordina has the power, either directly or indirectly, to govern the financial and operating policies of an entity. The financial statements of such group companies are included in the consolidated financial statements of Ordina N.V. from the date Ordina gains such control until the date that it loses said control. All group companies included in the consolidated financial statements for 2017 and 2018 are wholly owned by Ordina. Consequently, there is no third party non-controlling interest.

The cost of an acquisition is measured as the fair value of the current assets paid and due on the transaction date, as well as, if applicable, the fair value of equity instruments issued (i.e. shares) used to finance the acquisition.

Intercompany balances, transactions and unrealised gains on transactions between group companies are eliminated in drawing up the consolidated annual accounts. Transactions with associates are eliminated in the consolidation as far as Ordina's share in the associate in question is concerned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The accounting policies for the balance sheet and the income statement as included in these financial statements apply to the balance sheet and income statement of all consolidated group companies.

Investments in associates all relate to minority interests in companies in which Ordina has significant control, but no decisive control. Significant control is generally assumed in the case of a shareholding of between 20% and 50%. These investments are initially recognised at cost price and subsequently valued using the equity method of accounting (see section 2.8).

2.3. Segment reporting

Information per segment is reported in line with how reporting lines and decision-making are organised within Ordina. The Management Board is identified as the highest body with regard to strategic decision making (the so-called chief operating decision maker). The Management Board comprises the CEO and the CFO.

See Note 7 for a more detailed explanation of segment information.

2.4. Foreign currency

2.4.1. Functional and presentation currency

All group companies use the euro as their functional currency. Consequently, the consolidated financial statements are presented in euros, the currency of Ordina's primary economic environment.

2.4.2. Translation other currencies

Where applicable, foreign currency transactions and balances are translated into the functional currency (the euro) using the exchange rates prevailing at the dates of the transactions and at the balance sheet date respectively. Foreign exchange gains and losses are recognised in the income statement.

2.5 Lease obligations

Lease agreements, in which virtually all risk and benefits linked to the ownership of the leased asset accrue to Ordina are classified as financial leases. Upon the commencement of lease agreements, financial leases are valued at the fair value of the leased asset or the lower cash value of the minimum lease payments. Any initial direct costs are added to the amounts reported as assets. The lease payments for financial lease agreements are divided into financing costs and a reduction of the lease obligation in such a way as to achieve a constant interest rate on the remaining balance of the obligation. The financing costs are charged directly to the result. Tangible fixed assets obtained under financial lease agreements are depreciated over the term of use of the asset or the shorter lease agreement period in as much as there is no reasonable certainty that Ordina will gain ownership of the leased asset.

Lease agreements in which virtually all risk and benefits linked to the ownership of the leased asset do not accrue to Ordina's are classified as operational leases. Payments for operational leases are charged directly to the statement of income (see note 23 for the costs recognised with respect to car leases and note 24 for the costs recognised for the lease of office buildings).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.6. Intangible assets

2.6.1. Goodwill

Acquisitions are accounted for using the purchase method of accounting. Goodwill results from the acquisition of group companies. Goodwill represents the difference between the cost of an acquisition and the fair value of the acquired identifiable assets and liabilities, including contingent liabilities, at the date of acquisition. Payments related to the acquisition are stated on the basis of the paid and due current assets at the transaction date, as well as, if applicable, the fair value of the equity instruments (i.e. shares) used to finance the acquisition. Contingent elements in the purchase price are stated at fair value, and also carried as a liability upon acquisition, with variances due to value differences being recognised through profit or loss. Goodwill is stated at cost less accumulated impairment losses.

Costs pertaining to an acquisition are stated as a charge to the results at the time they are incurred.

Goodwill is allocated to cash generating units. Impairment of goodwill is recognised as an expense in the income statement where appropriate. Impairment losses recognised for goodwill will not be reversed in a subsequent period. If an entity in which control is exercised is sold, the carrying amount of the goodwill is recognised in profit or loss.

Any negative goodwill arising on an acquisition is recognised directly in the income statement.

Goodwill on acquisitions of associates is included in 'investments in associates'.

2.6.2. Software

Software licences are capitalised on the basis of the cost of acquiring and preparing the software for use. Internally developed software is capitalised insofar as the cost is the result of the development and testing phase of a project and if it can be demonstrated that:

- the project is technically feasible so that it can be put to use;
- there is an intention to complete the project and use the software;
- the software will generate demonstrable future economic benefits;
- technical, financial and other resources are available to complete and use the software;
- it is possible to reliably determine the expenditure that can be attributed to the developed software.

Directly attributable costs that are attributed to internally developed software comprise personnel expenses, as well as directly attributable external costs. The costs are capitalised at cost price. Other expenses relating to internally developed software that do not meet the aforementioned criteria are charged to the result at the time they are incurred.

Software has a limited lifespan and is capitalised at cost less amortisation and impairments. Amortisation is charged to the income statement using the straight-line method on the basis of the estimated useful life. Internally developed software is amortised from the date it is taken into use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.6.3. Intangible assets related to customers

This item relates to intangible assets of acquisitions identified in accordance with IFRS 3 (Business Combinations) and includes brand names, customer lists and contract portfolios. These assets are measured at their fair values at the acquisition date. The fair value at acquisition qualifies as cost at that time. The cost of the identifiable intangible assets related to customers is amortised on the basis of the useful life of each individual component and charged to the income statement.

2.6.4. Amortisation of intangible asset

Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives. Goodwill is tested annually for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

The useful lives of the intangible fixed assets as estimated by the management are as follows:

- software: 3-7 year
- brand names: 2-3 year
- customer lists: 5 year
- contract portfolios: 1-2 year

The assets' useful lives are reviewed annually and adjusted where appropriate.

2.7. Property, plant and equipment

2.7.1. Freehold property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or manufacture of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, if it is probable that future economic benefits associated with the item will flow to Ordina and the cost of the item can be measured reliably. Repair and maintenance costs are recognised in the income statement during the financial period in which they are incurred.

Gains or losses on the sale of property, plant and equipment are included in depreciation.

2.7.2. Depreciation of property, plant and equipment

Depreciation on property, plant and equipment is calculated in the income statement using the straight-line method on the basis of the estimated useful life of an asset as estimated by the management. The estimated economic life of the property, plant and equipment used to calculate the depreciation is as follows:

- equipment: 2-4 year
- fixtures and fittings: 3-5 year
- building alterations: 2-15 year

Building alterations are depreciated on the basis of the shorter of the remaining terms of the leases for the respective buildings and their useful lives.

The residual value, which is usually set at nil, and remaining useful lives of property, plant and equipment are reviewed annually on the balance sheet date and adjusted when appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.8. Investments in associates

Associates are all entities over which Ordina has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are recognised using the equity method and first recognised at cost at the time Ordina enters into the investment commitment. The valuation of investments in associates includes goodwill as determined on the acquisition date, net of any accumulated impairment losses.

Ordina's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in Ordina's reserves, with the recognition in Ordina's reserves following the recognition in the reserves of the associate (e.g. dividend payments or a change recognised via the total result). When its share of losses in an associate equals or exceeds the carrying amount of the associate, Ordina does not recognise further losses, unless it has issued guarantees for the associate, or incurred obligations or made payments on behalf of the associate. In the event of obligations not shown on the balance sheet relating to associates for which Ordina can be held liable, these are included in the commitments and contingencies (see Note 30).

2.9. Transition costs

Transition costs arise upon the acquisition or implementation of long-term management contracts and are related to the installation of systems and processes which occur after said contracts have been acquired. Transition costs are valued at cost price. Transition costs pertain primarily to costs related to the conversion of existing systems to Ordina standards. These costs are primarily personnel costs and costs of sub-contractors.

Transition costs are charged to income during the period in which the management activities are carried out, which varies from two to five years. Transition costs are recognised under the purchase value of hardware and software and other direct costs.

2.10. Trade receivables and other short-term assets

Trade receivables and other short-term assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Under the application of IFRS 9 'Financial instruments' a provision is taken for any expected credit losses on trade receivables, unbilled revenue and contract assets based on the expected settlement term of said assets. This provision is determined on the basis of historical credit losses on trade receivables, unbilled revenue and contract assets, adjusted for economic developments and future expectations relevant to the specific receivables. The amount of the provision for the doubtful debts is recognised in the income statement under other operating expenses.

Other short-term receivables include unbilled amounts related to contracts on the basis of retroactive costing, contract assets, other receivables and accrued income. A contract asset is the right to payment in exchange for goods or services that have been transferred to the client. If this right to payment arises before the client makes this payment or before payment is due, a contract asset is recognised.

The contract assets are recognised under other short-term assets, insofar as these contract assets have already exceeded the amounts billed for these projects. A contract obligation is the obligation to transfer goods or services to a client, insofar as Ordina has received a payment from the client for same. Contract obligations are recognised as income when Ordina has met its contractual performance obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

If the contract obligations for current projects exceed the contract assets, the balance of these projects is recognised under short-term liabilities. In this regard, reference is made also to the accounting policies for revenue recognition (see Section 2.18)

2.11. Cash and cash equivalents

Cash and cash equivalents are cash balances and balances in current accounts with banks. Current account receivables are presented in the cash flow statement as part of the cash and cash equivalents. Current account debts with banking institutions are recognized as bank debts under short-term liabilities.

2.12. Assets and liabilities held for sale

Non-current assets are classified as 'held for sale' if their sale is more likely than not and their carrying amounts will be recovered through this sale. For this to be the case, the assets must be available for immediate sale and their sale must be highly probable. Assets held for sale are presented separately in the balance sheet. Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The liabilities included within a disposal group classified as held for sale are also presented separately from other liabilities in the balance sheet.

2.13. Impairment of non-financial assets

Intangible assets that have an indefinable useful life, as well as assets that are not yet available for use are not subject to amortisation but tested annually for impairment. Assets that have a definable useful life are amortised and tested for impairment whenever there is an indication that their carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount.

2.13.1. Calculation of recoverable amount

The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

2.13.2. Reversal of impairment losses

Impairment losses recognised for goodwill will never be reversed in a subsequent period.

In respect of all other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

net of depreciation or amortisation, if no impairment loss had been recognised. It is assessed at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If there is any such indication, the recoverable amount of that asset is re-determined and the impairment loss adjusted when such is warranted by the assessment.

2.14. Shareholders' equity

2.14.1. Share capital

The authorised capital of Ordina N.V. consists of 160,000,000 ordinary shares, 39,999,995 preference shares and one priority share. The issued and paid-up priority share and the issued and paid-up ordinary shares are classified as shareholders' equity.

Costs directly related to the issue of new ordinary shares are charged (after deduction of taxes) immediately upon issue as a correction to the proceeds of the issue and charged to the shareholders' equity.

2.14.2. Treasury shares

When Ordina N.V. purchases equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from shareholders' equity until the moment the shares are cancelled, re-issued or sold. In the event that such shares are subsequently sold or re-issued, any amount received, net of any directly attributable incremental costs and the related income tax effects, is credited to the shareholders' equity.

2.14.3. Dividends

Dividend payments to Ordina N.V. shareholders are classified as liabilities as soon as the Annual General Meeting of Shareholders passes a motion to make such payments.

2.15. Employee benefits

2.15.1. Pension plans

Ordina has both defined contribution and defined benefit plans. A defined contribution plan is a pension plan under which Ordina pays fixed contributions to an insurance company. Ordina 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. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, salary and years of service.

2.15.1.1. Defined contribution plans (based on the available contribution system)

Contributions to defined contribution plans on the basis of available contributions are recognised as expenses in the income statement in the period to which they relate. Ordina has no other obligations in relation to defined contribution plans.

2.15.1.2. Defined benefit plans

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are recognised directly in the consolidated statement of comprehensive income.

Pension costs incurred during the year (including costs, interest expenses and expected returns on plan assets) are charged to the statement of income.

2.15.2. Share-based payments

The members of the Management Board and the Executive Committee/management are entitled to long-term profit-sharing and bonus benefits in the form of Ordina N.V. shares. For the purposes of these long-term benefits, performance criteria are determined annually for each upcoming three-year period. Based on these performance criteria, the number of shares in Ordina N.V. to be awarded is determined annually and for each individual three-year period.

The shares that are expected to be awarded are valued on the basis of the price of Ordina N.V. shares at the grant date. Any awarded shares will be subject to a lock-up period of two consecutive years. This lock-up period does not apply to the sale of part of the shares with a view to paying any taxes due on the grant of the shares.

The change in long-term profit-sharing and bonus benefits is recognised in the income statement at the reporting date based on current estimates. The total expense is recognised during the 'vesting period', the period during which certain

vesting conditions must be met. As the liability by virtue of long-term benefits involving a payment in shares in Ordina N.V. is disclosed as an equity component, the expense recognised in the income statement results in a corresponding adjustment to equity. The recognised value of the share-based payment is disclosed as a payment on the issued shares at the time of payment.

2.16. Provisions

Provisions are recognised in the balance sheet when the following conditions are met:

- there is a question of a legally binding or actual obligation as a result of a past event;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount necessary to settle the obligation can be reliably estimated.

Provisions are measured at the current value of the expected expenditures 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.

In addition to the provision for pensions referred to in section 2.15.1, provisions are recognised for restructuring costs, vacant buildings under lease, warranty and project commitments and onerous contracts.

A provision for restructuring costs will be formed when Ordina has a detailed formal plan for the restructuring and has started to implement the restructuring or announced the restructuring publicly. Costs relating to future operating activities are not included in the restructuring provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

A provision is recognised for warranty commitments pending at the balance sheet date. This provision is based on the activities that are expected to be associated with these commitments. The warranty provision is determined at the cost of the expected activities.

The provision for project commitments relates to activities expected to be performed with regard to onerous contracts. The amount of the provision corresponds to the excess of the unavoidable costs Ordina will incur to meet the obligations under such contracts over and above the economic benefits expected to be received from said contracts.

2.17. Trade payables and other short-term liabilities

Trade payables and other short-term liabilities are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

2.18. Revenue from contracts with customers

Ordina is active in the IT services sector. Revenue from contracts with customers is recognised at the moment that Ordina has met its performance obligation and has effectively transferred control of the goods or services to its client. Revenue is recognised in the amount that Ordina expects to receive in exchange for the delivered services and goods.

With respect to the most important estimates and assumptions in the recognition of revenue from contracts with customers, please see note 5.

Ordina determines whether there is any question of separate performance obligations within a contract. A performance obligation is a promise to a client

to deliver goods and/or services. A performance obligation may pertain to an individual service or good or to a series of separate individual services or goods, which are generally the same and are delivered according to a similar pattern. A performance obligation is determined at the commencement of the contract on the basis of the contractual conditions and agreements.

Revenue is recognised for each individual performance obligation in the amount that Ordina expects to receive for each individual performance obligation, and if applicable taking into account variable payments, significant financing elements, non-cash payments and payments that are made to the client.

When determining the transaction price, Ordina takes into account variable payments insofar as it is highly likely there will be no significant reduction in this variable payment in the cumulatively recognised revenue. Estimates with respect to variable payments are periodically re-evaluated and updated when necessary.

If there is any question of a significant financing element, the transaction price is adjusted by the value that can be attributed to the financing. If applicable, such amounts are recognised as financing costs. In the case of payment terms of less than one year, Ordina does not take into account a finance element (practical expedient IFRS 15.63). Ordina's contracts pertaining to the delivery of IT services and/or the sale of software do not include any material financing element.

Discounts are charged to the revenue on each reporting moment, unless it is highly likely that Ordina will not grant the discount to its client. Depending on the kind of discount, as laid down in the contract, the discount is determined on the basis of the revenue already recognised and the then current estimate of the total revenue to be recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Compensation or a penalty payment is taken into account in determining the transaction price, unless it is highly likely that Ordina is not bound to pay the compensation to its client.

Ordina recognises revenue from IT services 'over time', given that the performance obligation is met during the term of the contract, subject to the condition that it is reasonably possible to make a sufficient reliable estimate of the progress of the activities. In addition it applies that the activities result in an asset that is controlled by the client during the activities and/or the activities result in an asset for which there is no alternative use. Also Ordina has an enforceable right to remuneration for the services already provided. In the case of fixed-rate projects, Ordina recognises revenue based on the ratio between actual costs and budgeted costs.

Ordina recognises revenue from the sale of hardware and/or software at a point in time, given that the performance obligation has been met at the moment the hardware and/or software is delivered.

Ordina sometimes closes contracts with clients that involve Ordina, acting on behalf of its client, purchasing hardware, licences or specific services from third parties. In these situations, Ordina determines whether it is acting in the role of principal or agent. Under these contracts, Ordina may facilitate the purchase of the goods or services, without bearing primary responsibility for the actual delivery of said goods or services. In this situation, Ordina does not run any inventory risk before or during the delivery. If Ordina has no control over the goods or services to be delivered it plays the role of agent and only recognises revenue for the margin realised. If Ordina does have control of the goods or services during the delivery, it plays the role of principal and recognises revenue for the gross amounts.

2.19. Costs

2.19.1. Costs of hardware, software, other direct costs and work contracted out

Costs of hardware, software, other direct costs and work contracted out are attributed to the period in which the corresponding income is recognised and recognised at historical cost.

2.19.2. Operating lease payments

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.19.3. Government grants

Government grants are recognised when there is reasonable assurance that: i) Ordina will comply with all attached conditions and ii) that the grants will be received. Government grants relating to study cost allowances are recognised in the income statement in 'personnel expenses'.

2.19.4. Finance income and costs

This item includes interest received for loans extended, on bank balances, as well as interest received in relation to the settlement of tax claims.

Finance costs include the interest charged by banks on withdrawals, commitment fees, interest charges incurred for the settlement of tax obligations and pension commitments, as well as the interest related to movements in provisions due to the passage of time. In so far as applicable, the interest component of financial lease obligations is also recognised under financing costs

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.20. Income taxes

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income) for the period under review. Current and deferred tax is recognised in the income statement, except to the extent that the tax arises from a transaction or event which is recognised directly in other comprehensive income. In that case, the associated tax is recognised directly in other comprehensive income as well.

Tax expense (income) for the accounting period includes income tax on taxable profit, which is calculated based on tax rates expected to be applied, making allowance for tax-exempt profit components and non-deductible amounts, as well as any adjustments for current tax of prior periods.

Deferred taxes are recognised for temporary differences arising between the fiscal values of assets and liabilities, and their carrying amounts in the consolidated financial statements. However, the 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 commercial nor fiscal results. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially 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 for tax losses are recognised only when it is probable that taxable profits will be available against which they can be utilised.

Deferred income tax assets and liabilities that relate to the same taxable entity are offset in the balance sheet if Ordina has a legally enforceable right of set-off.

3. PRESENTATION OF THE STATEMENT OF CASH FLOWS

Ordina reports cash flows using the indirect method. Cash flows are classified by operating, investing and financing activities. Net cash flows from operating activities include income and expenses before taxes, as well as interest received and paid. Cash flows arising from the acquisition or disposal of financial interests (participations and investments) are included in cash flows from investing activities; allowance is made for cash and cash equivalents embodied in such instruments. Dividends paid are reported in cash flows from financing activities.

4. FINANCIAL RISK MANAGEMENT

Ordina's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. Ordina's risk management programme, which is prescribed by the Management Board, encompasses more than just financial risks. It focuses on identifying key risks and managing these using guidelines, procedures, systems, best practices, specific controls and audits. Our financial risk management focuses specifically on risks that are relevant to Ordina in this regard.

The Management Board bears the ultimate responsibility for the design and the implementation of the supervision of the risk management programme within Ordina. Risk management policies and systems are evaluated regularly and if necessary adjusted to changes in market conditions and Ordina's activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4.1. Market risk

Market risk pertains to the risk that Ordina's income is influenced by changes in market prices, such as interest rates and exchange rates. The management of market risks is aimed at keeping market risk positions within acceptable boundaries while optimising returns.

4.1.1. Interest rate risk

Ordina is exposed to interest rate risk, which is limited to the Eurozone. Ordina's interest rate risk policy seeks to limit the entity's exposure to interest rate risk on borrowings. Interest rate risks may arise on both non-current and current borrowings. Ordina continually analyses developments in cash flows in relation to available financing facilities and interest rate fluctuations.

At year-end 2018 and 2017, Ordina had no non-current interest-bearing borrowings.

The floating rate of interest due on the current borrowings is dependent on the term to maturity of the borrowings, plus a fixed margin of 1.0%. The term to maturity of the current borrowings fluctuates depending on cash requirements and ranges between one and three months.

If the floating rate of interest had been on average 1.0% higher, with all other variables remaining constant during 2018, then the net interest costs (after tax) would have been around EUR 40,000 higher.

Ordina has no significant interest-bearing assets. Group income is therefore virtually entirely independent of changes in interest rates.

4.1.2. Currency risk

All Ordina divisions are based and most of their revenue realised within the Eurozone. Ordina has therefore chosen the euro as its functional and reporting currency. Ordina has no assets or liabilities outside the Eurozone. The Management Board qualifies the currency risks at year-end 2018 as limited.

4.2. Credit risk

Ordina has exposure to credit risk. Credit risk is the risk of financial losses for Ordina if a client or counterparty of a financial instrument defaults on an assumed contractual obligation. Credit risk is mostly incurred on receivables from clients and cash and cash equivalents outstanding at banks.

Credit risk is managed on a group basis. Credit risk arises on cash and cash equivalents, derivative financial instruments and transactions with clients, including credit exposures. For banks and financial institutions, only independent professional parties based in the Netherlands, Belgium and Luxembourg are accepted, with risks being spread over a range of parties.

The credit quality of clients is assessed in advance using project acceptance criteria. If available, external credit ratings are used. If there is no independent rating, Ordina assesses the credit quality of clients based on internal guidelines, taking into account their financial position, past experience and other factors. The exposure to credit risk related to clients is assessed on an ongoing basis using the internal guidelines. Concentration of credit risks associated with trade and other receivables is identified particularly within the public sector. The concentration of credit risk related to other clients is limited in view of the individual size and independent position of the various clients. Ordina has done business with a large proportion of its customers for many years and in

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

the past there have only been occasional instances of clients defaulting on their obligations. Clients are assessed continually and individually for compliance with payment terms. The findings are periodically reported to the Management Board. We refer you to Note 14 of this annual report for further information on trade receivables.

The Management Board qualified the credit risk related to customers as limited at year-end 2018. The Board did note a concentration of risks in situations that involved the intervention of so-called broker parties. Such parties could experience solvency or continuity issues due to market conditions.

Ordina N.V. has filed a declaration of joint and several liability for the majority of its Dutch group companies with the respective competent Trade Registries.

4.3. Liquidity risks

Liquidity risk is the risk that Ordina cannot meet its financial obligations.

The premise of liquidity risk management is that insofar as possible there should be sufficient liquidity for the company to meet its current and future financial obligations in both normal and difficult circumstances, without this entailing unacceptable losses or the threat of damage to Ordina's reputation.

Cash management within Ordina has been centralised, using the centrally managed financing facility Ordina contracted in May 2015. At year-end 2018, Ordina was able to draw on a senior committed facility of EUR 30 million in total. The committed facility consists of a revolving facility of EUR 20 million and a current account credit facility of EUR 10 million. The maximum term is five years, with an initial term of three years and an option to extend the term twice by one year. After an initial extension in 2016, Ordina agreed a second one-year extension

in the first-half of 2017. Following this extension, the financing agreement now ends in May 2020. For information on the available credit facilities and the applicable covenants, we refer you to Note 18 in this annual report.

Cash management is aimed at putting Ordina's available cash resources and overdraft facilities to the best possible use. To this end, cash flow forecasts are prepared periodically for both the short and medium terms. These forecasts are revised periodically based on actual results and revised forecasts, if any.

The table below shows a division of Ordina's financial liabilities into relevant maturity groupings based on the remaining period to contractual maturity date at the balance sheet date. The amounts shown are the unconditional, contractual, undiscounted cash flows. Future interest payments are included in the disclosed cash flows where applicable.

	Carrying amount	Maturity date		
		< 1 year	1-2 years	> 2 years
At 31 December 2018				
Borrowings	0	0	0	0
Trade and other payables	-52,076	-52,076	0	0
At 31 December 2017				
Borrowings	0	0	0	0
Trade and other payables	-51,737	-51,737	0	0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4.4. Capital risk management

Capital is managed centrally to safeguard Ordina's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital and provide returns for shareholders.

Instruments for achieving an optimal capital structure are dividend policy, the option to purchase treasury shares and the option to issue new shares, in particular to fund potential acquisitions or to reduce debt.

The solvency ratio at year-end 2018 stood at around 66% (year-end 2017: around 64%). Any impairment of goodwill has a major impact on the solvency ratio.

If it is assumed in the context of a sensitivity analysis that there will be an impairment of 20%, the solvency ratio stood at around 61% at year-end 2018.

Ordina considers solvency ratio (ratio of shareholders equity to the balance sheet total excluding goodwill) of 25% as a responsible minimum. Excluding goodwill, the solvency ratio stood at 26% at year-end 2018 (year-end 2017: around 22%).

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Ordina's management makes estimates and assumptions concerning the future on an ongoing basis.

The accounting estimates and assumptions used will, by definition, seldom equal actual results. The estimates and assumptions that carry a significant risk

of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

5.1. Impairment of goodwill

For each cash generating unit, Ordina tests at least once a year for impairment of goodwill attributed to the relevant cash generating unit (see Section 2.13). An impairment of goodwill is recognised when the book value exceeds the recoverable value. These calculations involve certain estimates and assumptions. The recoverable value is the higher of fair value, less disposal costs, and the value in use. For a more detailed explanation of the impairments test see Note 8.6.

5.2. Revenue from contracts with customers

Ordina recognises revenue on the basis of the amount it expects to receive in exchange for the goods and services it delivers (see note 2.18). In the event of fixed-price contracts, Ordina makes an estimate of the services delivered at the reporting moment as a percentage of the total services to be delivered. Estimates are based on periodically available information regarding the status of the projects in question, as well as on the basis of past experience of comparable situations. The actual situation may deviate from these estimates.

5.3. Restructuring provision

Ordina recognises a restructuring provision when it has prepared a detailed formal plan for the restructuring and has started to implement the restructuring or announced same publicly. Restructuring provisions include estimates and assumptions involving redundancy and severance payments. The actual situation may differ from these estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At year-end 2018, in a limited number of situations, the sum of the severance payment depended on the possibility that the employee in question finds alternative employment within a certain period of time. Based on past experience, the calculation of the provision does not take into consideration the possibility that these employees find alternative employment within the maximum period in which the severance payment is due to be paid. The actual situation may differ from this assumption.

5.4. Onerous contracts

The amount of the provision corresponds to the excess of the unavoidable costs Ordina will incur to meet the obligations under such contracts over and above the economic benefits expected to be received from said contracts. The actual situation may differ from these estimates.

5.5. Income tax expenses

Ordina assesses the extent to which tax losses are expected to qualify for set-off on an annual basis, including the available potential for loss rejuvenation. The actual set-off may differ from these estimates. For the situation in which losses have been suffered for a number of years, convincing evidence is required for valuation of tax losses (IAS 12). For additional information regarding deferred tax assets, please see Note 11.

5.6. Provision for vacant office space

Ordina recognises a provision for vacant space in buildings for the period in which these building are expected to remain vacant. The determination of this provision takes into account the expected proceeds from sub-leases. The actual income from sub-leases may deviate from this estimate. At year-end 2018, there was no vacant space in Ordina's buildings and Ordina did not therefore recognise any provision for vacant office space.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

6.1 Revenue from contracts with customers

With respect to the recognition of revenue from contracts with customers, please see the table below.

2017 Restated	the Netherlands	Belgium/ Luxembourg	Total
Type of goods or services			
Sale of hard- and software	127	2,062	2,189
IT services	252,165	87,667	339,832
Total revenue from contracts with customers	252,292	89,729	342,021

2017 Restated	the Netherlands	Belgium/ Luxembourg	Total
Timing of revenue recognition			
Goods transferred at a point in time	217	2,025	2,242
Services transferred over time	252,075	87,704	339,779
Total revenue from contracts with customers	252,292	89,729	342,021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2018	the Netherlands	Belgium/ Luxembourg	Total
Type of goods or services			
Sale of hard- and software	491	1,969	2,460
IT services	255,932	100,130	356,062
Total revenue from contracts with customers	256,423	102,099	358,522

2018	the Netherlands	Belgium/ Luxembourg	Total
Timing of revenue recognition			
Goods transferred at a point in time	645	1,856	2,501
Services transferred over time	255,778	100,243	356,021
Total revenue from contracts with customers	256,423	102,099	358,522

	2017	2018
Revenue per market segment		
Public	125,035	136,935
Finance	95,743	101,863
Industry	98,780	97,128
Healthcare	22,463	22,596
Total	342,021	358,522

6.2 Balance sheet related to contracts with customers

The balance sheet positions related to contracts with customers are as follows:

	1 Januari 2017 Restated	31 December 2017 Restated	31 December 2018
Contract balances			
Trade receivables - net	43,871	35,764	38,151
Unbilled receivables	15,635	17,345	16,699
Contract assets	5,719	6,116	5,263
Contract liabilities	4,470	4,578	5,433

The trade receivables are non-interest-bearing and are subject to payment terms varying from 30 and 90 days. Billing takes place immediately after the fulfilment of the obligation, on the basis of the contract agreements with the client in which, as a rule, a period of one calendar month is applied. In the case of billing with respect to projects, different billing agreements may apply.

Unbilled revenue related to contracts on the basis of retroactive costing pertains to performances already delivered for which clients will be billed in the near future, after which these revenues will be recognised under trade receivables.

Contract assets pertain to revenue recognised that clients are billed for in instalments on the basis of contractually agreed conditions, after which said revenue is recognised under trade receivables.

At year-end 2018, Ordina recognised a provision for expected credit losses on trade receivables, unbilled revenue and contract assets of around EUR 0.6 million (year-end 2017: around EUR 0.3 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Contract obligations pertain to amounts clients have already been billed and in exchange for which Ordina must still deliver services. Ordina expects to deliver the services in question within a period of one year (practical expedient IFRS 15.121). Revenue will be recognised at the moment that Ordina has met its contractual obligations. All contract obligations recognised at year-end 2017 resulted in revenue in 2018.

6.3 Delivery obligations

IT services

The delivery obligation is met over time. The payment term generally varies from 30 to 90 days from the moment Ordina bills for the services. The contracts related to the delivery of IT services contain no material financing element. If there is any question of (volume) discount, these are settled with clients on the basis of any contractual agreements. Obligations related to (volume) discounts are reviewed monthly, and this is used as a basis for any adjustment of the recognised revenue.

Sale of hardware and software

The delivery obligation is met at the moment the hardware and/or software is delivered. The payment term generally varies from 30 to 90 days from the moment Ordina bills for the delivery. The contracts related to the delivery of hardware and software contain no material financing element. There is generally no question of possible restitution in the sale of hardware and/or software. In the event that Ordina plays the role of agent in the sale of hardware and/or software, revenue is recognised solely in the amount of the margin realised.

7. SEGMENT INFORMATION

The organisation is structured around Ordina's services. Information is reported on a monthly basis to the Management Board in its capacity as chief operating decision maker in line with this structure. Ordina's results are divided to reflect the company's various divisions. The Management Board's decision-making is based on same. Ordina discloses segment information on the basis of how the internal governance, reporting and decision-making is organised within the company. Ordina recognises the segments the Netherlands and Belgium/Luxembourg.

In 2017, in the Netherlands Ordina recognised the segments Delivery the Netherlands and the Innovation cluster segments in the Netherlands. With effect from 2018, Ordina incorporated the Innovation cluster in Delivery the Netherlands. The comparative figures for 2017 have consequently been adjusted.

The Management Board's assessment of the segments focusses primarily on revenue and EBITDA. Segment information is provided for the segments the Netherlands and Ordina Belgium/Luxembourg. Segment revenues, assets and liabilities are items that are directly or reasonably attributable to a segment. The prices and terms of inter-segment transactions are determined on an arm's length, objective basis. Segment capital expenditure is the total amount incurred during the period to acquire segment assets that are expected to be used for more than one reporting period. Management information related to balance sheet positions and the analysis of same is aggregated at the level of the Netherlands or Belgium/Luxembourg.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7.1. Segment information

The segment information for the year 2017 is as follows:

Restated	Notes	the Netherlands	Belgium/ Luxembourg	Total
Total segment revenue		254,874	91,363	346,237
Inter-segment revenue		-2,582	-1,634	-4,216
Revenue from contracts with customers		252,292	89,729	342,021
EBITDA		5,697	8,833	14,530
Amortisation	8	-4,775	0	-4,775
Depreciation	9	-2,279	-552	-2,831
Operating profit		-1,357	8,281	6,924
Finance costs – net	25	-456	13	-443
Share of profit of associates	10	-26	0	-26
Profit before tax		-1,839	8,294	6,455
Income tax expense	26	372	-3,719	-3,347
Profit for the year		-1,467	4,575	3,108

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The segment information for the year ended 2018 is as follows:

	Notes	the Netherlands	Belgium/ Luxembourg	Total
Total segment revenue		259,164	103,704	362,868
Inter-segment revenue		-2,741	-1,605	-4,346
Revenue from contracts with customers		256,423	102,099	358,522
EBITDA		6,512	12,149	18,661
Amortisation	8	-1,648	0	-1,648
Depreciation	9	-1,958	-515	-2,473
Operating profit		2,906	11,634	14,540
Finance costs – net	25	-252	16	-236
Share of profit of associates	10	-7	0	-7
Profit before tax		2,647	11,650	14,297
Income tax expense	26	-3,078	-4,346	-7,424
Profit for the year		-431	7,304	6,873

The exceptional items in the segments' results for 2018 pertained to reorganisation costs and amounted to a total of EUR 2.5 million (2017: EUR 5.9 million). Ordina incurred EUR 2.3 million of these reorganisation costs in the Netherlands and the remaining EUR 0.2 million in Belgium/Luxembourg (2017: EUR 5.6 million in the Netherlands, EUR 0.3 million in Belgium/Luxembourg).

As a result of the renewal of the lease agreement for the office location in Nieuwegein, in 2017 Ordina the Netherlands recognised a release from the vacancy provision of approximately EUR 3.8 million (see note 20).

As a result of the early decommissioning of a part of the functionality of the ERP application, in 2017 Ordina recognised additional depreciation of around EUR 2.0 million in the depreciation costs for the Netherlands (see note 8.1).

The income tax paid amounted to around EUR 3.9 million in 2018 (2017: around EUR 5.2 million). This income tax paid pertained entirely to Belgium/Luxembourg.

One Dutch client accounted for more than 10% of total revenue in 2018. The revenue generated from this client was approximately EUR 56.6 million (2017: revenue of approximately EUR 58.7 million). Seven other clients together accounted for more than 20% of total revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The assets and liabilities at year-end 2017 can be specified as follows:

Restated	the Netherlands	Belgium/ Luxembourg	Total	Eliminations	Consolidated
Total assets	223,554	59,781	283,335	-53,340	229,995
Total liabilities	75,837	23,005	98,842	-16,564	82,278

The assets and liabilities at year-end 2018 can be specified as follows:

	the Netherlands	Belgium/ Luxembourg	Total	Eliminations	Consolidated
Total assets	227,657	71,430	299,087	-65,709	233,378
Total liabilities	74,627	27,348	101,975	-21,627	80,348

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Other segment information for 2017 can be specified as follows:

Restated	Notes	the Netherlands	Belgium/ Luxembourg	Total
Carrying amount of intangible assets	8	114,654	17,142	131,796
Carrying amount of property, plant and equipment	9	3,958	1,001	4,959
Carrying amount of financial fixed assets	10/11	18,499	125	18,624
Purchases of intangible assets	8	409	0	409
Purchases of property, plant and equipment	9	2,684	458	3,142
Amortisation	8	4,775	0	4,775
Depreciation	9	2,279	552	2,831
Income tax recognised in profit & loss	26	-372	3,719	3,347
Income tax paid in reporting period		0	5,157	5,157

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Other segment information for 2018 can be specified as follows:

	Notes	the Netherlands	Belgium/ Luxembourg	Total
Carrying amount of intangible assets	8	113,228	17,142	130,370
Carrying amount of property, plant and equipment	9	3,580	1,291	4,871
Carrying amount of financial fixed assets	10/11	15,416	125	15,541
Purchases of intangible assets	8	222	0	222
Purchases of property, plant and equipment	9	1,640	815	2,455
Amortisation	8	1,648	0	1,648
Depreciation	9	1,958	515	2,473
Income tax recognised in profit & loss	26	3,078	4,346	7,424
Income tax paid in reporting period		0	3,927	3,927

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. INTANGIBLE ASSETS

This item can be specified as follows

	Goodwill	Software	Related to customers	Total
<i>At 1 January 2017</i>				
Cost	192,816	18,540	97,742	309,098
Accumulated amortisation and impairments	-68,321	-7,778	-96,837	-172,936
Carrying amount at 1 January 2017	124,495	10,762	905	136,162
<i>Movements in carrying amount</i>				
Additions	0	384	0	384
Internally generated	0	25	0	25
Amortisation	0	-3,870	-905	-4,775
Disposals	0	0	0	0
Carrying amount at 31 December 2017	124,495	7,301	0	131,796
<i>At 31 December 2017</i>				
Cost	192,816	15,903	97,742	306,461
Accumulated amortisation and impairments	-68,321	-8,602	-97,742	-174,665
Carrying amount at 31 December 2017	124,495	7,301	0	131,796
Of which internally generated	0	3,059	0	3,059

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	Goodwill	Software	Related to customers	Total
<i>At 1 January 2018</i>				
Cost	192,816	15,903	97,742	306,461
Accumulated amortisation and impairments	-68,321	-8,602	-97,742	-174,665
Carrying amount at 1 January 2018	124,495	7,301	0	131,796
<i>Movements in carrying amount</i>				
Additions	0	148	0	148
Internally generated	0	74	0	74
Amortisation	0	-1,648	0	-1,648
Disposals	0	0	0	0
Carrying amount at 31 December 2018	124,495	5,875	0	130,370
<i>At 31 December 2018</i>				
Cost	192,816	14,788	97,742	305,346
Accumulated amortisation and impairments	-68,321	-8,913	-97,742	-174,976
Carrying amount at 31 December 2018	124,495	5,875	0	130,370
Of which internally generated	0	2,517	0	2,517

8.1. Investments and disposals

Total investments in software were primarily related to the IT applications within Ordina the Netherlands. This investment was developed partly in-house. With effect from 1 January 2015, Ordina took a new ERP application into operation. The ERP application will be amortised over a period of seven years. In 2017, Ordina decided to no longer use a part of the functionality within the ERP application, as a result of which there is a change in the estimated life of this part of the asset. The decommissioning of this functionality led to an additional depreciation of approximately EUR 2.0 million in 2017.

In 2018, Ordina fully depreciated decommissioned assets with an initial investment value of around EUR 1.3 million (2017: around EUR 3.0 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8.2. Impairment and reversal of impairment losses

In 2018 and 2017, Ordina recognised no impairment on intangible assets.

No prior-year impairment losses on intangible assets were reversed in 2018.

8.3. Goodwill

Ordina monitors goodwill at the level of a group of cash generating units within Ordina, which groups of cash generating units are the same as the segments recognised. Ordina recognises the segments the Netherlands and Belgium/Luxembourg.

The table below shows goodwill per segment.

	2017	2018
the Netherlands	107,353	107,353
Belgium/Luxembourg	17,142	17,142
At 31 December	124,495	124,495

8.4. Software

The carrying value of software amounted to EUR 5.9 million at year-end 2018 (year-end 2017: EUR 7.3 million). This carrying amount at year-end 2018 was primarily related to the ERP application that was taken into operation in 2015 and which was partly produced in-house. The life of this application is based on the expected life and the assumed obsolescence of such applications, as well as on past experience with previous comparable applications, and is assumed to be a minimum of seven years.

8.5. Intangible assets related to customers

This item relates to the measurement at acquisition of brand names, customer lists and contract portfolios. The different components are amortised on the basis of the estimated useful lives of the individual components. Intangible assets related to customers can be allocated entirely to the segment the Netherlands. At year-end 2018, the carrying amount of intangible assets related to customers amounted to nil (year-end 2017: nil).

8.6. Impairment testing for goodwill

Ordina carries out impairment tests at least once a year on the goodwill of the relevant (groups of) cash generating units (see also Sections 2.6 and 2.13 and Note 5.1). Goodwill is monitored at the level of and allocated to the segments the Netherlands and Belgium/Luxembourg. The Innovation cluster segment, as Ordina recognised this in 2017, was incorporated in the Netherlands segment with effect from 2018. The Innovation cluster was not allocated any goodwill. An impairment is recognised if the recoverable amount of the segment is less than the carrying amount.

The recoverable amounts of the various segments to which goodwill can be allocated are determined by calculating their value in use. These calculations use future cash flows based on projections for the next five years, which are partly based on the available relevant market data pertaining to the forecasts for the short and medium term. The market data include sector reports from research agencies, sector organisations and financial institutions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

These five-year projections include estimates related to revenue growth, direct costs and indirect costs, as well as assumptions regarding developments in investments and working capital. The annual revenue growth per five-year projection differs per segment, and for the Netherlands vary from around 1.0% to around 2.9% (2017: around 1.0% to around 2.6%) and for Belgium/Luxembourg from around 1.0% to around 6.6% (2017: around 1.0% to around 8.1%). The average annual revenue growth in the five-year projection amounts to around 1.5% for the Netherlands (2017: around 1.5%) and around 2.5% for Belgium/Luxembourg (2017: around 2.8%).

The average annual EBITDA margin for the years 2019 through 2023 in the long-term projections amounts to around 6.4% for the Netherlands (2017: around 5.7%) and around 9.6% for Belgium/Luxembourg (2017: around 8.5%). The EBITDA margin for the years after 2023 in the long-term projections amounts to around 6.8% for the Netherlands (2017: around 6.5%) and around 9.5% for Belgium/Luxembourg (2017: around 8.5%). The useful life upon which cash flows are discounted is indefinite in principle. At year-end 2018, Ordina used an estimated forward growth rate of 1.0% (2017: 1.0%).

Future cash flows are discounted on a post-tax basis at an interest rate specific to each segment. At year-end 2018, the discount rate for the Netherlands stood at 8.5% (year-end 2017: 8.6%) and 9.2% for Belgium/Luxembourg (year-end 2017: 9.4%). The discount rate before taxes, on the basis of the applicable percentage at year-end 2018, stood at 10.5% for the Netherlands (2017: 11.0%) and 12.8% for Belgium/Luxembourg (2017: 13.9%).

Based on the chosen assumptions, the impairment test we conducted will not lead to an impairment at year-end 2018. The carrying amount, value in use and the headroom per segment to which goodwill is allocated at year-end 2018 were as follows:

<i>(in euro millions)</i>	Carrying amount	Value in use	Headroom
the Netherlands	94.3	135.9	41.6
Belgium/Luxembourg	44.0	113.8	69.8

In addition to this impairment test executed at year-end 2018, Ordina performed sensitivity analyses. These sensitivity analyses were performed, firstly, on the basis of a higher discount rate in combination with lower forward growth and, secondly, on the basis of a reduction of the EBITDA margin.

We conducted a sensitivity analysis, in which the EBITDA margin was reduced by 0.25% and 0.5% respectively, with the discount rate unchanged. The table below shows the remaining excess values (in millions of euros) of the segments in question on the basis of this sensitivity analysis. The sensitivity analysis did not result in an impairment for any of the segments.

<i>(in euro millions)</i>	the Netherlands	Belgium/ Luxembourg
Decline EBITDA margin		
-0.25%	34.3	67.3
-0.50%	27.0	64.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

In addition to this, we conducted a sensitivity analysis in which the discount rate was first raised successively by 0.5%, 1.0% and 1.5%, and secondly the forward growth rate was reduced by 0.5% and 1.0%. This additional sensitivity analysis did not result in an impairment for any of the segments. The table below shows the remaining excess values (in millions of euros) of the segments in question on the basis of this sensitivity analysis.

<i>(in euro millions)</i>	Discount rate post tax			
the Netherlands	8.5%	9.0%	9.5%	10.0%
<i>Terminal growth</i>				
0.5%	34.0	25.4	17.7	10.9
0.0%	27.5	19.6	12.6	6.3
Belgium/Luxembourg	9.2%	9.7%	10.2%	10.7%
<i>Terminal growth</i>				
0.5%	66.0	61.4	57.3	53.6
0.0%	62.6	58.5	54.7	51.3

We also compared the outcome of the impairment test with Ordina's stock exchange valuation. As a result of the drop in the share price in 2018, the value in use was approximately 89% higher than the stock exchange valuation. At year-end 2017, the value in use was around 55% higher than the stock exchange value. A value in use that is higher than the stock exchange valuation is not unusual due to the control premium. However, the current discrepancy falls outside the bandwidth considered reasonable beforehand. The value in use is determined on the basis of a variety of parameters. The long-term expectations are the main value driver of value in use. Due to the discrepancy between the value in use and stock exchange valuation, Ordina conducted a critical assessment

of the parameters used. Following this critical assessment, we still believe these assumptions to be realistic. These assumptions are partly based on general economic developments and the results realised in 2018, which are driven by increased productivity and underlying rates. In addition, from the summer of 2018 we saw the number of direct employees increase for the first time in a long time. These developments give us confidence regarding value development in the long term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. PROPERTY, PLANT AND EQUIPMENT

This item can be specified as follows:

	Equipment	Fixtures and fittings	Renovations	Total
<i>At 1 January 2017</i>				
Cost	13,633	1,657	8,753	24,043
Accumulated depreciation	-11,905	-1,414	-6,047	-19,366
Carrying amount at 1 January 2017	1,728	243	2,706	4,677
<i>Movements in carrying amount</i>				
Additions	2,931	61	150	3,142
Depreciation	-1,528	-98	-1,234	-2,860
Disposals	0	0	0	0
Carrying amount at 31 December 2017	3,131	206	1,622	4,959
<i>At 31 December 2017</i>				
Cost	13,191	1,691	6,207	21,089
Accumulated depreciation	-10,060	-1,485	-4,585	-16,130
Carrying amount at 31 December 2017	3,131	206	1,622	4,959

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	Equipment	Fixtures and fittings	Renovations	Total
<i>At 1 January 2018</i>				
Cost	13,191	1,691	6,207	21,089
Accumulated depreciation	-10,060	-1,485	-4,585	-16,130
Carrying amount at 1 January 2018	3,131	206	1,622	4,959
<i>Movements in carrying amount</i>				
Additions	2,031	116	308	2,455
Depreciation	-1,876	-86	-581	-2,543
Disposals	0	0	0	0
Carrying amount at 31 December 2018	3,286	236	1,349	4,871
<i>At 31 December 2018</i>				
Cost	12,888	1,702	6,350	20,940
Accumulated depreciation	-9,602	-1,466	-5,001	-16,069
Carrying amount at 31 December 2018	3,286	236	1,349	4,871

9.1. Investments and disposals

investments in 2018 were primarily investments for the replacement of equipment. Of the total investments, around EUR 0.8 million was related to our operations in Belgium and Luxembourg (2017: EUR 0.5 million).

As a result of the renewal of the lease agreement for the office in Nieuwegein, in which the C tower is no longer included in the rental agreement, Ordina recognised an additional depreciation of EUR 0.4 million in the item building renovations. The renewal of the lease agreement for the office in Nieuwegein did not result in an extension of the depreciation period related to the other capitalised renovation costs.

Ordina made no material disposals in 2018 and 2017.

In 2018, Ordina decommissioned fully depreciated assets with an original purchase value of around EUR 2.6 million (2017: around EUR 6.1 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9.2. Impairment and reversal of impairment losses

Ordina did not recognise any impairment losses on property, plant and equipment in 2018 or 2017. No prior-year impairments on property, plant and equipment were reversed in 2018.

9.3. Leasehold property, plant and equipment

At year-end 2018 and year-end 2017, Ordina had no tangible fixed assets in lease. Ordina made no investments in leased tangible fixed assets in either 2018 or 2017. With respect to the new reporting standard IFRS 16 'Leases', which came into force on 1 January 2019, and the impact on Ordina's financial position and results, please see note 2.1

10. INVESTMENTS IN ASSOCIATES

This item can be specified as follows:

	2017	2018
At 1 January	397	371
Additions	0	0
Share of profit and impairment of associates	-26	-7
Dividend	0	0
Disposals	0	0
At 31 December	371	364

Ordina had two associates at year-end 2018 and 2017: Quli B.V. (Netherlands, 25.0% interest) and Passwerk CVBA (Belgium, 37.3% interest).

The negative results from participations in both 2018 and 2017 was entirely due to Quli B.V. Ordina did not recognise any result for Passwerk in 2018 and 2017 in connection with the restrictive conditions under which it is possible to pay out dividends by virtue of the social purpose of this company.

In the course of 2018, Ordina recognised a total of around EUR 0.1 million in revenue in the context of work carried out for Quli B.V. (2017: EUR 0.2 million). In 2018, Ordina commissioned services from Passwerk in the amount of around EUR 46,000 (2017: nil).

The following breakdown applies to the item investments in associates, on the basis of the financial information at year-end 2018:

	Quli B.V.	Passwerk CVBA
Assets	1,302	3,158
Liabilities	347	842
Revenue	851	4,819
Profit	-29	471
Other results (OCI)	0	0
Total comprehensive income	-29	471
Share	25.0%	37.3%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. DEFERRED INCOME TAX ASSETS

Deferred income tax assets can be specified as follows:

	2017 Restated	2018
Intangible assets and property, plant and equipment	7,794	5,968
Employee related provisions	216	176
Other provisions / long term	20	22
Recognised tax losses	10,223	9,011
At 31 December	18,253	15,177

In the statement of income for 2018, Ordina has recognised a deferred tax asset of around EUR 3.1 million (2017: around EUR 0.4 million negative). Deferred tax assets are valued at the set tax rates in the year in which said deferred tax assets are likely to be settled. With effect from 2020, the nominal corporate income tax rate in the Netherlands will be reduced to 22.55% from the current rate of 25.0%. With effect from 2021, the nominal rate in the Netherlands will be further reduced to 20.50%. As a result of these future tax rate cuts, in 2018 Ordina recognised an impairment of its deferred tax assets of more than EUR 2.2 million.

The deferred tax asset by virtue of intangible assets and property, plant and equipment relates to temporary measurement differences due to the difference between the economic write-down period and minimum fiscal write-down period. As a result of the future corporate income tax rate cuts, at year-end 2018 Ordina recognised an impairment of deferred tax assets by virtue of temporary measurement differences in the value of intangible assets and property, plant and equipment of around EUR 1.0 million and charged same to the result.

The deferred tax asset by virtue of employee benefits and provisions relates to temporary measurement differences with respect to pension provisions.

The deferred tax asset by virtue of other provisions pertains to the provision for vacant office space and the provision for expected credit losses on trade receivables. As a result of the release of the provision for vacant office space in 2017, the deferred tax asset related to same has also lapsed (see note 20).

The recognition of tax loss carry-forwards takes into account estimates of the scope and timing of future taxable profits, including the available potential for loss rejuvenation (total recognised at year-end 2018: around EUR 40.8 million; year-end 2017: around EUR 40.9 million). Recognition is at the nominal tax rate that will apply in future years on the basis of existing legislation. The recognition of tax loss carry-forwards at year-end 2018 took into account the reduction of corporate tax rates in the years 2020 and 2021, as these were definitively determined at year-end 2018. At year-end 2018, the losses in the Netherlands were recognised at an average rate of 22.1% (year-end 2017: 25.0%). Due to the future reductions of corporate tax rates, Ordina recognised an impairment of deferred tax assets by virtue of the recognised rights to tax loss carry forwards of around EUR 1.2 million at year-end 2018 and charged same to the result. Total available tax loss carry forwards stood at approximately EUR 42.3 million at year-end 2018 (year-end 2017: approximately EUR 42.7 million). At year-end 2018, tax losses totalling around EUR 1.5 million had not been recognised (year-end 2017: EUR 1.8 million)

Tax losses are recognised based on their assumed utilisation potential in the coming years. The potential utilisation of these tax losses is limited in the Netherlands. The remaining deduction period is between one and nine years. Given that tax losses were recorded in multiple years up to and including 2017, convincing evidence must be presented for the recognition of such losses (IAS 12).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Deferred tax assets are recognised on the basis of the five-year projection. The premises are considered realistic in the current circumstances and are explained in the section on the goodwill impairment test (see note 8.6). The future realisation of taxable profits and thus compensation of losses may vary from these estimates. If in the context of a sensitivity analysis an assessment is conducted in which the EBITDA margin is reduced by 0.25% or 0.50% respectively in the multi-year projection, this would result in a potential devaluation of the deferred tax asset of around EUR 1.6 million or EUR 2.3 million respectively.

Of the deferred income tax assets, an amount of around EUR 12.2 million had a term of more than one year at year-end 2018 (year-end 2017: around EUR 16.4 million).

Movements in deferred income tax assets were as follows in 2017:

Restated	Opening balance 2017	Recognised in income statement	Recognised in consolidated statement of comprehensive income	Closing balance 2017
Intangible assets and property, plant and equipment	8,611	-817	0	7,794
Employee related provisions	214	-2	4	216
Other provisions	991	-971	0	20
Recognised tax losses	8,062	2,161	0	10,223
	17,878	371	4	18,253

Movements in deferred income tax assets were as follows in 2018:

	Opening balance 2018 (Restated)	Recognised in income statement	Recognised in consolidated statement of comprehensive income	Closing balance 2018
Intangible assets and property, plant and equipment	7,794	-1,826	0	5,968
Employee related provisions	216	-41	1	176
Other provisions	20	2	0	22
Recognised tax losses	10,223	-1,212	0	9,011
	18,253	-3,077	1	15,177

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. TRANSITION COSTS

Transition costs can be specified as follows:

	2017	2018
At 1 January	585	123
Additions	0	0
Expenses	-462	-115
At 31 December	123	8

Transition costs are related the installation of systems and processes which occur after the closing of long-term management contracts pertaining to existing IT applications. Transition costs are valued at cost price and related to the conversion of existing systems to Ordina standards. These costs are primarily personnel costs and costs of sub-contractors. Transition costs are charged to income during the period in which the management activities are carried out, which period varies between two and five years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Amortised cost	Fair value through profit & loss	Fair value through OCI	Derivatives used for hedging	Total
<i>At 31 December 2017</i>					
Trade debtors and other short term assets	59,545	0	0	0	59,545
Trade payables and other short term liabilities	-76,325	0	0	0	-76,325
Total at 31 December 2017	-16,780	0	0	0	-16,780

	Amortised cost	Fair value through profit & loss	Fair value through OCI	Derivatives used for hedging	Total
<i>At 31 December 2018</i>					
Trade debtors and other short term assets	60,727	0	0	0	60,727
Trade payables and other short term liabilities	-74,454	0	0	0	-74,454
Total at 31 December 2018	-13,727	0	0	0	-13,727

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. TRADE RECEIVABLES AND OTHER SHORT-TERM ASSETS

Trade receivables and other short-term assets can be specified as follows:

	2017 Restated	2018
Trade receivables	36,054	38,721
Provision for impairment of trade receivables	-290	-570
Trade receivables - net	35,764	38,151
Unbilled receivables	17,345	16,699
Contract assets	6,116	5,263
Prepaid pension contributions	55	0
Other receivables	185	249
Prepayments and accrued income	4,139	3,738
At 31 December	63,604	64,100

The fair value of the trade receivables and other short-term assets approximates their net carrying amount.

As at 31 December 2018, trade receivables of around EUR 8.2 million (year-end 2017: around EUR 6.4 million) were past due but did not result in the taking of a specific provision. Despite the fact that they were past due, there were no indications on the balance sheet date that a provision was necessary in addition to the provision already taken for expected credit losses on trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The ageing analysis of these (net) trade receivables is as follows:

	2017 Restated	2018
Trade receivables not impaired and not past due	29,383	29,921
Trade receivables not impaired and past due:		
Up to 1 month	5,236	5,402
1 to 2 months	410	1,423
2 to 3 months	237	410
Over 3 months	498	995
	6,381	8,230
Trade receivables - net	35,764	38,151

Movements in the allowance for doubtful debts were as follows:

	2017 Restated	2018
At 1 January	1,469	290
Provision for receivables impairment	66	352
Receivables written off during the year as uncollectible	-1,212	0
Unused amounts reversed	-33	-72
At 31 December	290	570

All trade receivables are denominated in euros. Ordina therefore has no trade receivables that are denominated in currencies other than the euro.

The creation and release of the provision have been included in 'other operating expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Of the total amount of receivables written off as irrecoverable in 2017, some EUR 1.0 million related to a debtor that was declared bankrupt in 2013, and for which there is no expectation of a payment as a result of the settlement of the bankruptcy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At year-end 2018, trade receivables and other short-term assets amounting to around EUR 42.3 million had been provided as collateral as security for the financing facility (year-end 2017: around EUR 45.9 million)

At year-end 2018, Ordina had recognised a provision of around EUR 0.1 million for expected credit losses on trade receivables, unbilled revenue and contract assets (year-end 2017: around EUR 0.1 million) The other classes within trade receivables and other short-term assets do not contain any impaired assets.

Prepayments and accrued income include prepaid expenses. Prepayments and accrued income and other receivables fell due in less than one year at both year-end 2018 and year-end 2017.

The maximum exposure to credit risk at the reporting date is the value of each class of receivables mentioned above. Ordina does not hold any collateral as security.

The maximum credit risk exposure to trade receivables (gross) and unbilled revenue pertaining to work already carried out and contract assets can be specified as follows (by geographical area):

	2017	2018
the Netherlands	38,374	36,620
Belgium/Luxembourg	21,171	24,107
At 31 December	59,545	60,727

The maximum credit risk exposure to trade receivables (gross) can be specified as follows (by client category):

	2017	2018
Public	9,009	10,126
Finance	5,460	5,925
Industry	18,596	18,347
Healthcare	2,989	4,323
At 31 December	36,054	38,721

The credit-worthiness of the trade receivables (net) can be judged on the basis of external credit ratings (Standard & Poor's), as well as on the basis of payment history. The following includes a breakdown of the credit-worthiness of the debtors, less provisions:

	2017 Restated	2018
Debtors with external credit rating		
A - AA	4,081	4,351
BB	0	0
	4,081	4,351
Debtors without external credit rating		
Low credit risk	28,049	27,874
Medium credit risk	3,377	5,775
High credit risk	257	151
	31,683	33,800
At 31 December	35,764	38,151

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

No credit rating is available for governmental bodies. Receivables of governmental bodies are qualified low risk.

15. CASH AND CASH EQUIVALENTS

The balances disclosed in this item are at Ordina's free disposal. At year-end 2018, an amount of around EUR 1.4 million (year-end 2017: around 2.0 million) was held in a so-called blocked account, on the basis of which the disposal of the monies in said account are limited to tax obligations. For details of the committed overdraft facility, see Note 18.

At the balance sheet date, Ordina had no financial derivatives.

The cash and cash equivalents have been deposited with professional market parties with a good credit rating. The following is a breakdown of available cash and cash equivalents based on the external credit rating of these market parties:

	2017	2018
A-1	10,889	18,488
At 31 December	10,889	18,488

16. SHARE CAPITAL

Movements in paid-up and called-up capital in 2017 and 2018 were as follows:

<i>(In thousands)</i>	Number of outstanding shares	Issued capital in EUR
At 1 January 2017	93.256	9.326
Issue of shares	0	0
Issue related to share-based payment	0	0
At 31 December 2017	93.256	9.326

<i>(In thousands)</i>	Number of outstanding shares	Issued capital in EUR
At 1 January 2018	93.256	9.326
Issue of shares	0	0
Issue related to share-based payment	0	0
At 31 December 2018	93.256	9.326

16.1. Paid-up and called-up share capital

The total authorised capital amounted to EUR 20 million at year-end 2018, and consisted of 199,999,995 shares with a par value of EUR 0.10 per share, plus one priority share of EUR 0.50, divided as follows:

- Priority shares: 1
- Preference shares: 39,999,995
- Ordinary shares: 160,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At year-end 2018, one priority share and 93,255,929 ordinary shares were fully paid up (year-end 2017: one priority share and 93,255,929 ordinary shares).

No new shares were issued in 2018 or 2017.

For the settlement of the variable long-term bonuses for the period 2015-2017, which took place in the first half of 2018, Ordina acquired and then immediately paid out a total of 30,610 treasury shares. These shares were purchased at a share price of EUR 1.685 per share. Ordina N.V. did not hold any treasury shares at either year-end 2018 or 2017.

For details of the issued priority share, see the provision relating to the priority share in the company's articles of association.

16.2. Share and share option schemes

At both year-end 2018 and year-end 2017, there were no outstanding options on Ordina N.V. shares.

The members of the Management Board and the Executive Committee/management have been granted a variable long-term bonus which involves a payment in shares (see also section 2.15.2). In this context, at year-end 2018, shares in Ordina N.V. were granted conditionally to the members of the Management Board (total of 476,083 shares) and to the members of the Executive Committee/management (total of 468,749 shares).

We refer to section 32.2.2 for an explanation of the schemes applicable to the members of the Management Board. The scheme that applies to the Executive Committee/management pertains to a variable long-term bonus for the period 2017-2019 and 2018-2020. The targets for this scheme are the same as those that apply to the members of the Management Board. The liabilities pursuant to the Executive Committee/management's 2014-2016 bonus scheme have been settled completely, with a part of the settlement made via a cash payment instead of the remittance of Ordina N.V. shares. The allocation under the scheme still applicable to the Executive Committee/management at year-end 2018 can be broken down as follows:

	Conditionally granted number of shares	Grant date	Share price at grant	Fair value on grant date	Percentage	Recognised in profit & loss 2017	Recognised in profit & loss 2018
Executive Committee							
Window 2017-2019	79,943	01-06-17	1.59	158	83%	36	29
Window 2017-2019	16,054	10-07-17	1.57	25	83%	5	7
Window 2018-2020	372,752	05-07-18	1.89	705	100%	n.a.	141
	468,749			888		41	177

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. RESERVES

Movements in reserves in 2017 and 2018 can be specified as follows:

	Share premium reserve	Retained earnings	Profit for the year	Total
At 31 December 2016	136,219	-3,179	5,038	138,078
Restatement	0	-57	0	-57
At 1 January 2017 (restated)	136,219	-3,236	5,038	138,021
Prior-year retained earnings	0	5,038	-5,038	0
Dividend distribution to shareholders	0	-1,865	0	-1,865
Issue related to share-based payment	0	0	0	0
Share based payments - treasury shares settlement	0	-503	0	-503
Share based payments - cash settlement	0	-597	0	-597
Share-based payments - personnel expenses	0	239	0	239
Profit for the year	0	0	3,108	3,108
Actuarial gains and losses	0	-12	0	-12
At 31 December 2017	136,219	-936	3,108	138,391

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	Share premium reserve	Retained earnings	Profit for the year	Total
At 31 December 2017	136,219	-879	3,110	138,450
Restatement	0	-57	-2	-59
At 1 January 2018 (Restated)	136,219	-936	3,108	138,391
Prior-year retained earnings	0	3,108	-3,108	0
Dividend distribution to shareholders	0	-1,865	0	-1,865
Issue related to share-based payment	0	0	0	0
Share based payments - treasury shares settlement	0	-52	0	-52
Share based payments - cash settlement	0	0	0	0
Share-based payments - personnel expenses	0	361	0	361
Profit for the year	0	0	6,873	6,873
Actuarial gains and losses	0	-4	0	-4
At 31 December 2018	136,219	612	6,873	143,704

The settlement of share-related bonuses via the purchase of treasury shares resulted in a negative financial cash flow of EUR 0.1 million in 2018 (2017: EUR 0.5 million). This pertained to the purchase of treasury shares for the settlement of the obligation (see note 16.1). The total negative financial cash flow due to the settlement amounted to EUR 0.1 million in 2018 (2017: EUR 1.1 million). The negative financial cash flow in 2017 includes the cash settlement in the amount of EUR 0.6 million.

The personnel expenses due to share-related bonuses in the amount of EUR 0.4 million in 2018 (2017: EUR 0.2 million) are related to expenses charged to the result (see note 23). Around EUR 0.2 million of this amount pertains to the Management Board's share-related bonuses (2017: EUR 0.2 million).

The company financial statements at year-end 2018 include a statutory reserve charged to the retained earnings in the sum of approximately EUR 2.5 million (year-end 2017: approximately EUR 3.1 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. BORROWINGS

As at 31 December 2018 and year-end 2017, Ordina Group has no non-current borrowings.

In May 2015, Ordina agreed a financing facility with ABN Amro Bank and ING. This financing facility is for an amount of EUR 30 million, is fully committed and is a revolving credit facility of EUR 20 million and a current account credit facility of EUR 10 million. The term of this new financing facility is a maximum of five years, with an initial term of three years and an option to extend this twice by one year. After an initial extension in 2016, Ordina agreed a second extension of one year in 2017. By virtue of this second extension, the financing agreement now runs to May 2020.

The withdrawals fluctuate under the revolving facility during the year and depend on Ordina's credit needs. At year-end 2018, Ordina had not made any withdrawals (year-end 2017: nil) under the revolving facility. During the course of the year, Ordina made use of the financing facility (revolving and current account facilities). Ordina's average net debt amounted to approximately EUR 1.4 million in 2018 (2017: approximately EUR 3.8 million).

The most important elements of the covenants related to this financing facility comprise a maximum leverage ratio (calculated on the basis of total net debt / adjusted EBITDA) and an Interest Cover Ratio (calculated on the basis of (adjusted) EBITDA / total interest as defined in the financing agreement). The leverage ratio has been set at a maximum of 2.5 and 2.0 during the final two quarters of the term (which may have been extended at that point). The Interest Cover Ratio has been set at a minimum of 5.0. The covenants are based on the consolidated financial

statements drawn up in accordance with IFRS. The correction of the EBITDA for one-off costs and reorganisation costs has been set at a maximum of EUR 3.0 million per year.

The finance agreement also stipulates that the total EBITDA of the companies that have agreed joint and several liability for the purposes of the credit agreement should account for a minimum of 80% of the consolidated EBITDA, as laid down in the credit agreement (the Guarantor Cover Ratio) and that a minimum of 70% of the trade receivables are pledged as security for the lender (the Security Cover Ratio).

The interest rate on the financing agreement is calculated on the basis of the applicable base rate (EURIBOR) plus a fixed margin of 1.0%. The base interest rate depends on the interest period determined by Ordina, which can vary from one to six months.

The table below shows the applicable covenants and the extent to which these had been realised at year-end 2018.

	Realisation 2018	Finance agreement
Leverage Ratio	-0.9	=< 2.5
Interest Cover Ratio	106.6	>= 5.0
Guarantor Cover Ratio	93%	>= 80%
Security Cover Ratio	76%	>=70%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The tables below show the changes in liabilities arising from financing activities for both the year under review and the previous financial period:

	1 January 2017	Cash flows	Foreign exchange movements	Changes in fair values	Other	31 December 2017
Non-current borrowings	0	0	0	0	0	0
Current borrowings	0	0	0	0	0	0
Dividend distribution to shareholders	0	-1,865	0	0	1,865	0
Total liabilities from financing activities	0	-1,865	0	0	1,865	0

	1 January 2018	Cash flows	Foreign exchange movements	Changes in fair values	Other	31 December 2018
Non-current borrowings	0	0	0	0	0	0
Current borrowings	0	0	0	0	0	0
Dividend distribution to shareholders	0	-1,865	0	0	1,865	0
Total liabilities from financing activities	0	-1,865	0	0	1,865	0

The other changes are related to the General Meeting of Shareholders' resolutions to pay out a dividend adopted on 26 April 2018 and 2 May 2017 respectively. Following these decisions, in 2017 and 2018 Ordina paid out an amount of around EUR 1.9 million from the net profit for 2017 and 2016 respectively as dividend to its

shareholders. Ordina recognises dividend paid out to shareholders as a liability at the moment that the General Meeting of Shareholders adopts a resolution to pay out a dividend.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. EMPLOYEE BENEFITS

Employee benefits pertain exclusively to pension liabilities and can be specified as follows per region:

	2017	2018
the Netherlands	865	860
Belgium	15	15
Total defined benefit obligation	880	875

19.1 Provision arising from defined benefit pension plans the Netherlands

The provision arising from defined benefit pension plans in the Netherlands can be broken down as follows:

	2017	2018
Defined benefit obligation	8,139	8,160
Less: fair value of plan assets	7,274	7,300
Defined benefit obligation	865	860

Movements in the defined benefit obligation were as follows:

	2017	2018
At 1 January	7,921	8,139
Current service cost	0	0
Interest cost	158	162
Contributions by plan participants	0	0
Benefits paid	-61	-68
Actuarial gains and losses	121	-73
Defined benefit obligation at 31 December	8,139	8,160

Movements in the fair value of pension plan assets were as follows:

	2017	2018
At 1 January	7,065	7,274
Expected return on plan assets	141	145
Employer contributions	24	27
Benefits paid	-61	-68
Actuarial gains and losses	105	-78
Fair value of plan assets at 31 December	7,274	7,300

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The pension provision pertains to obligations for defined benefit plans (pension plans based on average salary or final salary plans), measured at current value in accordance with the provisions of IAS 19 (Employee Benefits). As a result of the harmonisation of the pension plans, the defined benefit plan does not have any active members. At year-end 2018, Ordina's obligations pursuant to the defined benefit pension plans were limited to guarantee and management costs, insofar as these are not covered by surplus interest gains. Related plan assets are stated at fair value. Actuarial gains and losses are recognised directly in other comprehensive income. All pension plans operated by Ordina are administered by professional insurers. The plan assets are comprised of qualifying insurance policies.

The cumulative net change relating to actuarial gains and losses recognised in other comprehensive income was EUR 4.3 million negative (year-end 2017: EUR 4.3 million negative).

The amounts recognised in the income statement were as follows:

	Notes	2017	2018
Current service cost		0	0
Interest cost		158	162
Expected return on plan assets		-141	-145
Total, included in personnel expenses	23	17	17

The costs that will be charged to the 2019 result are expected to amount to approximately EUR 17,000. The actual return on plan assets was EUR 0.1 million (2017: EUR 0.2 million). Plan assets are qualifying insurance policies that correspond exactly with the amount and timing of all payments to be made pursuant to the plan. The plan assets are equal to the value of the corresponding liabilities, based on the same assumptions used in the calculation of the cash value of the pension obligations.

The principal actuarial assumptions were as follows:

	2017	2018
Discount rate at 31 December	2.00%	2.00%
Expected return on plan assets	2.00%	2.00%

In the event that the discount rate were to be raised or lowered by 0.25% (2017: 0.25%) in the context of a sensitivity analysis, the obligation ensuing from the defined benefit plan would amount to EUR 7.7 million (2017: EUR 7.7 million) or EUR 8.6 million respectively (2017: EUR 8.6 million) respectively.

Assumptions with respect to life expectancy are based on published statistics. The life expectancy at year-end 2018 is based on the most recent prognosis table, published by the Dutch Actuarial Association in 2018 (Prognosetafel AG2018). Furthermore, a correction was applied due to the higher life expectancy of the working population.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Assumptions regarding life expectancy are based on published statistics. The average life expectancy in years of a pensioner retiring at age 65, 66 or 67 is as follows:

	2017	2018
Male, age of 65	22.1	22.1
Female, age of 65	24.8	24.5
Male, age of 66	21.1	21.1
Female, age of 66	23.8	23.5
Male, age of 67	20.2	20.2
Female, age of 67	22.8	22.5

The average life expectancy in years of a participant currently 45 years of age retiring at age 65, 66 and 67 is as follows:

	2017	2018
Male, age of 65	24.3	24.2
Female, age of 65	26.9	26.5
Male, age of 66	23.3	23.2
Female, age of 66	25.9	25.5
Male, age of 67	22.4	22.3
Female, age of 67	24.9	24.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The following is a specification of the valuation of the defined benefit obligation and the fair value of plan assets over the years 2014 through 2018:

	2014	2015	2016	2017	2018
Defined benefit obligation	7,168	7,067	7,921	8,139	8,160
Less: fair value of plan assets	6,310	6,258	7,065	7,274	7,300
Defined benefit obligation	858	809	856	865	860
Experience adjustments on plan liabilities	-2,036	208	-744	-121	73
Experience adjustments on plan assets	1,864	-163	693	105	-78

19.2. Provision arising from defined benefit pension plans in Belgium

Ordina Belgium N.V. has a pension plan with a defined contribution from the employer. Ordina Belgium N.V.'s obligation with respect to payments before 1 January 2016 is limited to the deposit of premiums and a legal minimum return of 3.25% on these deposits in so far as the guaranteed return from the insurer is lower. With respect to deposits after 1 January 2016, the return guarantee for the employers becomes variable. The legal minimum guarantee of 1.75% is applicable to premiums paid from 2016 onwards.

From 2016 onwards, these pension plans qualify as defined benefit plans under IAS 19R, and the projected unit credit method has been used to calculate the cash value of the obligation. The value of the plan assets stood at EUR 2,820,000 at year-end 2018 (year-end 2017: EUR 2,762,000). The cash value of the obligations was EUR 2,835,000 at year-end 2018 (year-end 2017: EUR 2,777,000). The provision for this plan at year-end 2018 was therefore EUR 15,000 (year-end 2017: EUR 15,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. OTHER LONG-TERM PROVISIONS

Movements of other long-term provisions can be specified as follows:

	2017	2018
At 1 January	3,889	0
Unused amounts	-3,768	0
Used during the year	-121	0
At 31 December	0	0

Other long-term provisions pertain to the vacant office space at the Ordina head office in Nieuwegein for which there was a contractual lease obligation. The release of this provision due to the renewal of the lease agreement in the first half of 2017 pertains to the change in the contractual lease obligations related to the head office in Nieuwegein. In the second quarter of 2017, Ordina terminated the existing lease agreement and immediately closed a new agreement. Under the new agreement, Ordina leases substantially less space, as a result of which there is now no vacant space. Consequently, the provision for vacant office space was released in full in the first half of 2017 and added to the result. The new lease agreement runs to 31 March 2028.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. OTHER SHORT-TERM PROVISIONS

Other short-term provisions at year-end 2017 can be specified as follows:

	Projects	Reorganisation	Other	Total
At 1 January 2017	262	2,517	347	3,126
Additions	67	5,736	55	5,858
Unused amounts	0	-118	0	-118
Used during the year	-280	-5,964	0	-6,244
At 31 December 2017	49	2,171	402	2,622
Presented as current liabilities	0	-1,783	0	-1,783
At 31 December 2017	49	388	402	839

Other short-term provisions at year-end 2018 can be specified as follows:

	Projects	Reorganisation	Other	Total
At 1 January 2018	49	2,171	402	2,622
Additions	37	2,415	0	2,452
Unused amounts	-12	-166	-69	-247
Used during the year	-19	-3,331	-23	-3,373
At 31 December 2018	55	1,089	310	1,454
Presented as current liabilities	0	-1,089	0	-1,089
At 31 December 2018	55	0	310	365

The provision for project commitments pertains to outstanding project activities related to loss-making contracts.

The restructuring provision is for non-recurring costs associated with the restructuring and initiatives for sustainable margin improvement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The release added to the result from the provision for reorganisation costs (2018: EUR 0.2 million, 2017: EUR 0.1 million) was mainly due to the fact that the actual costs of the reorganisation processes were lower than initially estimated.

At year-end 2018, the reorganisation provision was recognised in full under accrued liabilities. The project provision and the other provisions had a term of less than one year at both year-end 2018 and year-end 2017.

22. TRADE PAYABLES AND OTHER SHORT-TERM LIABILITIES

This item can be specified as follows:

	2017	2018
Trade payables	20,451	21,523
Contract liabilities	4,578	4,730
Taxes and social security	25,427	22,743
Pension contributions	0	79
Other payables	0	156
Accruals and deferred income	25,869	25,223
At 31 December	76,325	74,454

The fair value of trade payables and other short-term liabilities approximates their net carrying amount.

Of the taxes and social security contributions at year-end 2018, EUR 10.1 million pertained to payroll tax and social security contributions (year-end 2017: EUR 10.1 million) and EUR 12.6 million pertained to turnover tax (year-end 2017: EUR 15.3 million). The decrease in turnover tax due was largely due to the payment

in early 2018 of an additional assessment due to the VAT correction related to private lease car use in previous years.

Other short-term liabilities include commitments for holiday allowance, leave day entitlements, other personnel expenses, as well as items charged to profit or loss for the year under the prevailing accounting policies. The other short-term liabilities had a term of less than one year at both year-end 2018 and year-end 2017.

23. PERSONEELSKOSTEN

	2017	2018
Salaries	148,135	147,536
Social charges	26,654	27,212
Defined benefit obligation	17	17
Defined contribution obligation	9,009	9,306
Other personnel expenses	36,187	35,660
Total	220,002	219,731

Other personnel expenses include car expenses (2018: approximately EUR 23.8 million; 2017: approximately EUR 24.1 million), hotel and travel expenses (2018: approximately EUR 3.2 million; 2017: approximately EUR 3.2 million), and study costs (2018: approximately EUR 2.2 million; 2017: approximately EUR 2.6 million). The item car expenses also includes an amount of approximately EUR 14.4 million for operating leases for cars (2017: approximately EUR 14.8 million).

An amount of around EUR 2.5 million was recognised under personnel expenses in 2018 for restructuring costs (2017: around EUR 5.9 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Personnel expenses included an expense of approximately EUR 0.4 million for share-related payments in 2018 (2017: around EUR 0.2 million). Around EUR 184,000 (2017: around EUR 198,000) of these expenses pertain to the Management Board's bonus scheme, while around EUR 177,000 (2017: around EUR 41,000) pertain to the Executive Committee/management's bonus scheme.

The item personnel expenses includes the recognition of labour costs subsidies of around EUR 0.9 million (2017: around EUR 0.4 million).

The average workforce in FTEs numbered 2,542 in 2018 (2017: 2,560). At year-end 2018, Ordina employed 2,647 FTEs (year-end 2017: 2,559 FTEs). The number of FTEs employed in the Netherlands stood at 1,823 at year-end 2018 (year-end 2017: 1,831 FTEs). The number of FTEs working at the Belgium and Luxembourg-based group companies stood at 824 at year-end 2018 (year-end 2017: 728 FTEs).

24. OTHER OPERATING EXPENSES

Other operating expenses can be specified as follows:

	2017 Restated	2018
Office accommodation costs	2,465	6,543
Marketing and selling expenses	1,404	1,900
Other expenses	9,494	9,917
Total	13,363	18,360

Office accommodation costs include an amount of around EUR 4.1 million in 2018 (2017: around EUR 4.6 million) related to operational lease contracts. In 2017, accommodation costs included a release from the provision for vacant office space in the amount of EUR 3.8 million (see note 20).

Other expenses include information management and automation expenses, the cost of insurance, and audit and consulting fees.

Audit fees recognised in the income statement for 2017 under 'other operating expenses' in the reporting period were as follows:

	EY the Netherlands	Other EY network	Total EY network
Audit of the financial statements	408	58	466
Other audit activities	70	0	70
Tax advise	0	0	0
Other non-audit activities	0	0	0
	478	58	536

Audit fees recognised in the income statement for 2018 under 'other operating expenses' in the reporting period were as follows:

	EY the Netherlands	Other EY network	Total EY network
Audit of the financial statements	390	46	436
Other audit activities	80	0	80
Tax advise	0	0	0
Other non-audit activities	0	0	0
	470	46	516

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. FINANCE INCOME AND EXPENSES

Finance income and expenses can be specified as follows:

	2017	2018
Finance income	0	0
Finance costs	-443	-236
Total	-443	-236

Finance expenses can be specified as follows:

	2017	2018
Revolving Facility	-83	-67
Other finance costs	-360	-169
Total finance costs	-443	-236

The other financing expenses pertain to among other things interest expenses for current account debts run up with banking institutions, availability provisions, interest expenses for the settlement of fiscal debts and pension obligations.

26. INCOME TAX EXPENSE

	2017 Restated	2018
current income tax for the year	-3,712	-4,314
current income taxes prior years	-6	-33
	-3,718	-4,347
Deferred income tax for the year	371	-857
Deferred income tax prior years	0	8
Deferred income tax impact rate adjustment	0	-2,228
	371	-3,077
	-3,347	-7,424
	2017 Restated	2018
Net profit for the year	3,108	6,873
Income tax expense	3,347	7,424
Profit before income tax	6,455	14,297
Effective tax rate	51.9%	51.9%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	%	2017		2018
	Restated	Restated	%	
Applicable tax rate	25.0	1,614	25.0	3,574
Differences with foreign tax rates	10.5	681	3.6	513
Non-deductible expenses	15.0	971	7.4	1,072
Remeasurement of deferred tax assets	-0.1	-6	0.0	-3
Tax exempt income	0.1	7	0.0	2
Incidental items	1.3	74	15.7	2,241
Adjustments for prior years	0.1	6	0.2	25
Effective tax rate	51.9	3,347	51.9	7,424

The effective tax rate amounted to 51.9% in 2018 (2017: 51.9%). The effective tax rate in 2018 was influenced to a large degree by the movement resulting from the reduction in corporate income tax rates in the Netherlands for the years 2020 and 2021 and subsequent years. From 2020, the nominal corporate income tax rate in the Netherlands will be reduced to 22.55%. This will be followed in 2021 by a further reduction to 20.5%. As a result of these future tax rate cuts, in 2018 Ordina recognised an impairment of deferred tax assets of more than EUR 2.2 million. This depreciation was recognised under incidental items.

The adjusted effective tax rate for 2018, which did not take into account the impact of the future reduction of corporate income tax rates in the Netherlands, amounted to around 36.3%.

The nominal tax rate was 25.0% in 2018, as applicable in the Netherlands. The adjusted effective tax rate of 36.3% is around 11.3% higher than the nominal tax rate in the Netherlands. Around 7.4% of this difference is due to so-called non-deductible items. This adjustment pertains to result components that cannot be charged to the taxable result and include the likes of share-related bonuses and the non-deductible part of the so-called mixed expenses. In addition to this, around 3.6% of this difference is due to the rate differences in other countries and pertain to the higher nominal tax rate applicable in Belgium (29.58%) and Luxembourg (28.2%) respectively. The remaining differences of around 0.3% pertain to adjustments for previous years, tax exempt income and the share in the results of participations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. EARNINGS PER SHARE

27.1. Earnings per share

Basic earnings per share are calculated by dividing profit for the year by the average number of outstanding shares during the year.

	2017 Restated	2018
Profit for the year	3,108	6,873
Average number of outstanding shares (in thousands)	93,256	93,256
Earnings per share- basic (in euros)	0.03	0.07

27.2. Earnings per share - diluted

Diluted earnings per share are calculated by dividing the profit for the year by the average number of outstanding shares during the year, including all conditionally awarded shares in the context of share-related bonuses.

	2017 Restated	2018
Profit for the year	3,108	6,873
Average number of outstanding shares (in thousands)	93,256	93,256
Adjustment for share-based payment obligations	439	945
	93,695	94,201
Earnings per share - diluted (in euros)	0.03	0.07

28. DIVIDEND PER SHARE

Pursuant to the prevailing dividend policy, a dividend proposal will be submitted to the General Meeting of Shareholders for a dividend payment of five (5) eurocents per share in cash, to be charged to the 2018 net profit. The remainder of the net profit will be added to the general reserve.

The General Meeting of Shareholders of 26 April 2018 approved the payment of a cash dividend of two (2) eurocents per ordinary Ordina N.V. share, to be paid from the net profit over 2017. Following this decision, Ordina paid out a total of EUR 1.9 million from the profit for the 2017 financial year as dividend to its shareholders in 2018. The remaining net profit over 2017 was added to the general reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. PREFERENCE SHARES

Ordina N.V.'s authorised capital includes 24,999,995 preference shares with a par value of EUR 0.10 per share. Dividends on preference shares cannot exceed the statutory interest rate prevailing at the date the dividends are declared. No preference shares had been issued at year-end 2018 or year-end 2017.

30. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Ordina N.V. and its group companies issued guarantees for a total amount of around EUR 1.8 million in 2018 (2017: approximately EUR 1.8 million). Of these guarantees, around EUR 1.3 million is related to lease commitments (year-end 2017: more than EUR 1.4 million) and around EUR 0.5 million pertained to client relations (year-end 2017: more than EUR 0.4 million).

Ordina had no material expenditure obligations with respect to property, plant and equipment at year-end 2018.

Company cars provided to employees are usually acquired under operating leases spanning 36 to 48 months. In this context, Ordina N.V. and its group companies have a total car lease obligation of around EUR 11.6 million that falls due in less than one year (2017: around EUR 12.7 million).

All buildings where group companies are located are leased. Ordina does not own any buildings. In addition, Ordina N.V. and its group companies have total

building lease obligations of around EUR 4.5 million with a term of less than one year (2017: around EUR 4.0 million). Of the building leases that fall due within one year, an amount of around EUR 2.3 million is related to the head office in Nieuwegein (year-end 2017: around EUR 2.3 million). In 2017, Ordina entered into a new lease agreement for the head office in Nieuwegein with different terms, and in which the C-tower is no longer included in the lease agreement. The new lease agreement runs to 31 March 2028.

The other financial obligations at year-end 2017 can be specified as follows:

	Cars	Buildings
Not later than 1 year	12,745	3,961
Later than 1 year and not later than 5 years	14,136	12,892
Later than 5 years	0	12,435
	26,881	29,288

The other financial obligations at year-end 2018 can be specified by term as follows:

	Cars	Buildings
Not later than 1 year	11,580	4,462
Later than 1 year and not later than 5 years	14,086	12,404
Later than 5 years	0	10,218
	25,666	27,084

In a number of instances, Ordina N.V. has assumed joint and several liability within the scope of its normal operations for the performance of contractual obligations by a group company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

In the context of the sale of business units, Ordina has issued the usual limited-time (balance sheet) guarantees to the buyers of these business units.

In the course of our operations, we may be confronted with discussions about the (financial) settlement of projects, such as reduction or addition of work, quality level and scope of the work. The majority of these discussions are resolved to the full satisfaction of all concerned. However, it is not always possible to avoid such discussions resulting in legal actions. Provisions are set aside the moment it can be reliably estimated that a legal action will result in a financial claim against Ordina. Claims from Ordina against third parties that are subject of ongoing legal procedures are in principle not capitalised, unless payment of said claims is virtually certain. The main legal procedure in which Ordina is involved is described below.

Ordina is involved in discussions with one of its clients about delivery of additional work in the context of an IT system that has been delivered. If it were to be determined that Ordina is obliged to deliver (some of) this additional work, there may be financial consequences. Since it is impossible to make a realistic estimation of the outcome of the discussion and the financial consequences of same, Ordina has not set aside a provision in this context.

Ordina is in talks with one of its suppliers regarding a purchase obligation. As a result of aforesaid talks, the parties have entered into a settlement agreement and consequently negotiated a new agreement that does not include a purchase obligation. The parties currently disagree on the status and interpretation of said agreements. Ordina takes the view that there is no question of a purchase obligation, on the basis of which Ordina has not taken a provision for same.

Belgium has a subsidy scheme for R&D activities. It is possible that Ordina is entitled to a larger subsidy than in the past. In this context, Ordina has submitted an additional subsidy application. Due in part to the fact that the body responsible for granting the subsidy still has to decide whether to grant a larger subsidy, Ordina has not yet recognised the subsidy in the statement of income.

In accordance with the provisions of Section 403, Part 9 of Book 2 of the Dutch Civil Code, Ordina N.V. has assumed joint and several liability for the obligations arising from the legal transactions of the majority of the Dutch group companies. The declarations to that effect have been filed with the competent trade registries.

Ordina N.V. and the majority of its Dutch group companies form a tax unit for income tax and value-added tax purposes, as a result of which the companies involved are jointly and severally liable for the liabilities incurred by the tax group.

Ordina N.V. and the majority of its group companies have assumed joint and several liability for the bank overdrafts. At year-end 2018, trade and other receivables valued at approximately EUR 42.3 million had been pledged as security (year-end 2017: approximately EUR 45.9 million) for the financing facility.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. ACQUISITIONS AND DISPOSALS

31.1. Acquisitions

Ordina made no acquisitions in 2017 and 2018. As at year-end 2017 and year-end 2018, Ordina had no earn-out obligations relating to acquisitions in previous years.

32. RELATED PARTIES

32.1. Identity of related parties

Ordina's related parties are its group companies, the associated participations (see note 10), the members of the Supervisory Board and the members of the Management Board. The members of the Management Board qualify as key management.

The total remuneration for Management Board and the Supervisory Board in 2018 and 2017 can be specified as follows:

	2017	2018
Salary	989	908
Variable component/short-term, cash based	217	354
Variable component/long-term, share based	198	184
Pension costs	34	12
	1,438	1,458

32.2. Transactions with the members of the management board and supervisory board

32.2.1. Remuneration policy

The Supervisory Board determines the compensation of the members of the Management Board on an annual basis. For details on the remuneration policy for the members of the Management Board, we refer you to the section Remuneration policy Management Board in the Report of the Supervisory Board.

32.2.2. Remuneration management board

The following amounts in executive compensation were charged to the results for 2017 and 2018 respectively:

	2017	2018
<i>J.G. Maes</i>		
Salary	387	387
Variable component/short-term, cash based	104	208
Variable component/long-term, share based	112	111
Pension costs	5	6
	608	712

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	2017	2018
<i>J.W. den Otter</i>		
Salary	268	271
Variable component/short-term, cash based	72	146
Variable component/long-term, share based	74	73
Pension costs	5	6
	419	496
<i>S. Breedveld</i>		
Salary	111	n.a.
Variable component/short-term, cash based	41	n.a.
Variable component/long-term, share based	12	n.a.
Pension costs	24	n.a.
	188	n.a.

Total executive compensation of the members of the Management Board combined was EUR 1.2 million in 2018 (2017: around EUR 1.2 million).

The long-term benefits under profit-sharing and bonus schemes pertain to a payment in Ordina N.V. shares; they are determined for a three-year period for each individual scheme. Based on the remuneration policy, the value of the number of Ordina N.V. shares to be awarded for on-target performance is equivalent to 50% of the fixed salary (including holiday pay) to be paid to the board member in question in the first year of each three-year period. The fair value of the on-target shares that are expected to be awarded is determined on the basis of the share price at the moment the shares are awarded. A conditional number of shares are awarded at the beginning of each three-year period on the basis of the closing share price of the Ordina N.V. share at the end of the preceding calendar year. Of the total targets, 70% is linked to financial targets and 30%

is linked to non-financial targets. The financial targets are linked to the development of Ordina's results and pertain to revenues, the EBITDA margin, net profit, cash flows and the leverage ratio. The non-financial targets are based on individual, clearly measurable (qualitative and quantitative) targets and pertain to client satisfaction, employee engagement, image and the implementation of the sustainability strategy. At the end of the three-year period, the shares are awarded unconditionally based on the targets realised vis-à-vis the targets set. The definitively awarded shares will be transferred in the year following the last year of the three-year period.

The number of shares in Ordina N.V. to be allotted is estimated each time on the balance sheet date based on the long-term bonus benefits. Based on this estimation, the costs of the long-term profit-sharing and bonus plans are recognised in the income statement, proportional to the period that has expired from the moment the shares were awarded. The costs of the shares expected to be issued under the existing schemes are recognised in equity as 'retained earnings'.

As part of his variable long-term remuneration for the period 2016 through 2018, Mr. Maes and Ms. Den Otter were unconditionally granted a total of 30,701 and 24,731 Ordina N.V. shares respectively. This is equivalent to a payment percentage of approximately 50.3 % of the on-target bonus. Of the total payment percentage, 15.0% pertains to the financial targets and 35.3% to the non-financial targets.

The cost of the long-term bonus was EUR 0.2 million in 2018 (2017: around EUR 0.2 million, including the settlement of the ongoing scheme for Mr. Breedveld).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The current schemes can be summarised as follows:

	Conditionally granted number of shares	Grant date	Share price at grant	Fair value on grant date	Percentage	Recognised in profit & loss 2017	Recognised in profit & loss 2018
<i>J.G. Maes</i>							
Window 2015-2017						32	n.a.
Window 2016-2018	61,097	16-02-17	1.98	121	50%	44	17
Window 2017-2019	91,646	01-05-17	1.59	146	83%	36	39
Window 2018-2020	123,686	25-04-18	1.79	221	100%	n.a.	55
	276,429					112	111
<i>J.W. den Otter</i>							
Window 2015-2017						18	n.a.
Window 2016-2018	49,215	10-11-16	1.93	95	50%	31	7
Window 2017-2019	63,859	01-05-17	1.59	101	83%	25	27
Window 2018-2020	86,580	25-04-18	1.79	155	100%	n.a.	39
	199,654					74	73
Total Management Board	476,083					186	184

The members of the Management Board can participate in the pension scheme provided by the company.

If a member of the Management Board participates in this scheme, the company pays the pension premium.

If a member of the Management Board declines to participate, they receive a gross payment from the company.

This is the same as the amount the company would have been due to pay if the member of the Management Board in question were to participate in the pension scheme provided by the company. In such a situation, any payments are presented as pension expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The members of the Management Board are provided with a car and a mobile phone. In addition, they are entitled to a monthly expense allowance. The related amounts for the members of the Management Board in 2018 were approximately EUR 0.1 million (2017: EUR 0.1 million) and are not included in the specification of the remuneration of the members of the Management Board included in explanatory note 32.

No loans, advances or guarantees have been issued for the benefit of the members of the Management Board.

32.2.3. Shares held by the members of the management board

At year-end 2018, the members of the Management Board held 84,202 shares in Ordina N.V. (year-end 2017: 53,592 shares). The shares are distributed among the members of the Management Board as follows:

	2017	2018
J.G. Maes	51,725	67,878
J.W. den Otter	1,867	16,324
	53,592	84,202

32.2.4. Options granted to, and held by, the members of the management board

At year-end 2018 and year-end 2017, Ordina had not issued any option rights to the members of the Management Board.

32.2.5. Supervisory board compensation

The remuneration for the members of the Supervisory Board can be specified as follows:

	2017	2018
C. Princen, chairman	n.a.	44
J.G. van der Werf, chairman	57	20
P.G. Boumeester, vice chairman	43	48
D.J. Anbeek	43	48
A. Kregting	40	45
J. Niessen	40	45
	223	250

The compensation of the Supervisory Board is not linked to the financial performance of the company. Up to and including 2017, the members of the Supervisory Board received an expenses allowance of EUR 2,270 per annum. As a result of the adjustment of the remuneration of the Supervisory Board at the Annual General Meeting of Shareholders dated 26 April 2018, the expenses allowance was abolished as from 2018. No loans, advances or guarantees have been issued for the benefit of the members of the Supervisory Board.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32.2.6. Shares held by the members of the supervisory board

At year-end 2018, the members of the Supervisory Board held 14,460,967 shares in Ordina N.V. (year-end 2017: 14,560,967 shares). The shares are distributed among the members of the Supervisory Board as follows::

	2017	2018
C. Princen, chairman	n.a.	0
J.G. van der Werf, chairman	100,000	n.a.
P.G. Boumeester, vice chairman	0	0
D.J. Anbeek	35,000	35,000
A. Kregting	0	0
J. Niessen (held through Mont Cervin S.a.r.l.)	14,425,967	14,425,967
	14,560,967	14,460,967

33. EVENTS AFTER THE BALANCE SHEET DATE

No events occurred after 31 December 2018 that have a material impact on, or warrant restatement of the balance sheet positions at year-end 2018 as presented in the financial statements

COMPANY BALANCE SHEET ORDINA N.V. AS AT 31 DECEMBER

(BEFORE APPROPRIATION OF PROFIT)

<i>(In euro thousands)</i>	Notes	2017 Restated	2018
Assets			
<i>Non-current assets</i>			
Financial assets	35	137,313	143,815
Deferred income tax assets	36	10,402	9,213
Total non-current assets		147,715	153,028
<i>Current assets</i>			
Other receivables		0	0
Current income tax receivables		2	2
Total current assets		2	2
Total assets		147,717	153,030

The notes 34 through 37 are an integral part of these company financial statements.

COMPANY BALANCE SHEET ORDINA N.V. AS AT 31 DECEMBER (BEFORE APPROPRIATION OF PROFIT) (CONTINUED)

<i>(In euro thousands)</i>	Notes	2017 Restated	2018
Equity and liabilities			
<i>Equity</i>			
Paid-up and called-up share capital	37	9,326	9,326
Share premium reserve	37	136,219	136,219
Statutory reserve	37	3,059	2,517
Retained earnings	37	-3,995	-1,905
Profit for the year	37	3,108	6,873
Total equity		147,717	153,030
Liabilities			
<i>Current liabilities</i>			
Trade and other payables		0	0
Total current liabilities		0	0
Total liabilities		0	0
Total equity and liabilities		147,717	153,030

The notes 34 through 37 are an integral part of these company financial statements.

COMPANY INCOME STATEMENT OF ORDINA N.V.

<i>(in euro thousands)</i>	Notes	2017 Restated	2018
Revenue		0	0
Other operating expenses		2	2
Total operating expenses		2	2
Operating profit		-2	-2
Finance income		0	6
Finance costs		0	0
Finance costs - net		0	6
Share of profit of associates	35	2,980	7,975
Profit before tax		2,978	7,979
Income tax expense		130	-1,106
Net profit for the year		3,108	6,873

The notes 34 through 37 are an integral part of these company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

34. GENERAL

34.1. Basis of preparation of company financial statements

The company financial statements of Ordina N.V. have been prepared in accordance with the provisions of Part 9 of Book 2 of the Dutch Civil Code. In preparing these financial statements, the company availed itself of the facility offered by Section 362(8), Book 2 of the Dutch Civil Code to use the same accounting policies (including those for the presentation of financial instruments as equity or loan capital) for the company and the consolidated financial statements.

The company financial statements of Ordina N.V. are presented in euros (EUR). Amounts are in thousands of euros, unless otherwise indicated.

34.2. Accounting policies

The accounting policies for the company financial statements are the same as for the consolidated financial statements. If no further policies are mentioned, reference is made to the accounting policies for the consolidated financial statements.

34.3. Financial assets / investments in associates

Associates and group companies in which Ordina N.V. exercises control or where Ordina N.V. is responsible for central management are accounted for using the equity method. The equity method is a method of accounting whereby the net assets, liabilities and provisions of the group company are measured and profit is calculated on the basis of the accounting policies used in the consolidated financial statements.

The expected credit losses due to IFRS 9 on receivables from group companies are included in the book value.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

36. DEFERRED INCOME TAX ASSETS

Deferred income tax assets can be specified as follows:

	2017	2018
Intangible assets and property, plant and equipment	179	202
Recognised tax losses	10,223	9,011
At 31 December	10,402	9,213

Ordina N.V. heads the fiscal unit for corporate income tax in the Netherlands. Consequently, Ordina N.V. accounts for the fiscal positions of this fiscal unit, insofar as these are not already accounted for by the other members of the fiscal unit.

The deferred income tax assets by virtue of intangible assets and property, plant and equipment relates to temporary measurement differences due to the difference between actual economic write-down period and the minimum fiscal write-down period. Recognition is at the set tax rates.

Tax losses are recognised if they are expected to be utilised (total at year-end 2018: around EUR 40.8 million; year-end 2017: around EUR 40.9 million). Recognition is at the tax rate that will apply to future financial years. For details on the scale and measurement of Ordina's compensable losses, see Note 11.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

37. EQUITY

Movements in equity in 2017 and 2018 were as follows:

Restated	Issued capital	Share premium reserve	Statutory reserve	Retained earnings	Profit for the year	Total
At 31 December 2016	9,326	136,219	5,672	-8,851	5,038	147,404
Restatement	0	0	0	-57	0	-57
At 1 January 2017	9,326	136,219	5,672	-8,908	5,038	147,347
Prior-year retained earnings	0	0	0	5,038	-5,038	0
Dividend distribution to shareholders	0	0	0	-1,865	0	-1,865
Actuarial gains and losses	0	0	0	-12	0	-12
Share based payments - treasury shares settlement	0	0	0	-503	0	-503
Share based payments - cash settlement	0	0	0	-597	0	-597
Share-based payments - personnel expenses	0	0	0	239	0	239
Profit for the year	0	0	0	0	3,108	3,108
Movement regarding statutory reserve	0	0	-2,613	2,613	0	0
At 31 December 2017	9,326	136,219	3,059	-3,995	3,108	147,717

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

	Issued capital	Share premium reserve	Statutory reserve	Retained earnings	Profit for the year	Total
At 31 December 2017	9,326	136,219	3,059	-3,938	3,110	147,776
Restatement	0	0	0	-57	-2	-59
At 1 January 2018 (restated)	9,326	136,219	3,059	-3,995	3,108	147,717
Prior-year retained earnings	0	0	0	3,108	-3,108	0
Dividend distribution to shareholders	0	0	0	-1,865	0	-1,865
Actuarial gains and losses	0	0	0	-4	0	-4
Issue related to share-based payment	0	0	0	0	0	0
Share based payments - treasury shares settlement	0	0	0	-52	0	-52
Share based payments - cash settlement	0	0	0	0	0	0
Share-based payments - personnel expenses	0	0	0	361	0	361
Profit for the year	0	0	0	0	6,873	6,873
Movement regarding statutory reserve	0	0	-542	542	0	0
At 31 December 2018	9,326	136,219	2,517	-1,905	6,873	153,030

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

The share premium reserve at year-end 2018 includes share premium of approximately EUR 2.9 million which does not qualify as tax approved share premium related to share-based payments (year-end 2017: around EUR 2.9 million).

The statutory reserve relates to the carrying amounts of the internally generated intangible assets (see Section 2.6.2 and Note 8).

At year-end 2017 and year-end 2018, Ordina N.V. had not purchased any treasury shares.

At year-end 2017 and year-end 2018, there were no outstanding option rights for Ordina N.V. shares.

For details on the remuneration of the members of the Management Board, see Note 32.2.2.

Nieuwegein, 13 February 2019

Management Board

J. Maes, CEO

J.W. den Otter, CFO

Supervisory Board

J. van Hall, Chairman

P.G. Boumeester, Vice-Chairman

C. Princen

D.J. Anbeek

J. Niessen

OTHER INFORMATION



LIST OF GROUP COMPANIES / PRINCIPAL ASSOCIATES

	Registered office	Participation as a % at year-end 2017	Participation as a % at year-end 2018
Ordina Holding B.V.*	Nieuwegein	100	100
Ordina Nederland B.V.*	Nieuwegein	100	100
Ordina Business Consulting & Solutions B.V.*	Nieuwegein	100	100
Ordina Technologie & Competenties B.V.*	Nieuwegein	100	100
Ordina Software Development B.V.*	Nieuwegein	100	100
Ordina Beheer & Outsourcing B.V.*	Nieuwegein	100	100
Ordina Sourcing B.V.*	Nieuwegein	100	100
Clockwork B.V.*	Amsterdam	100	100
SourcePower B.V.*	Nieuwegein	100	100
Ordina Belgium N.V.	Mechelen (Belgium)	100	100
Ordina Luxembourg SA	Windhof (Luxembourg)	100	100

All group companies listed above are fully consolidated. The company has issued declarations of joint and several liability (pursuant to Section 403, Part 9 of Book 2 of the Dutch Civil Code) for the subsidiaries marked *. These companies were given permission to prepare financial statements based on a format that is in contravention of the provisions of this Part.

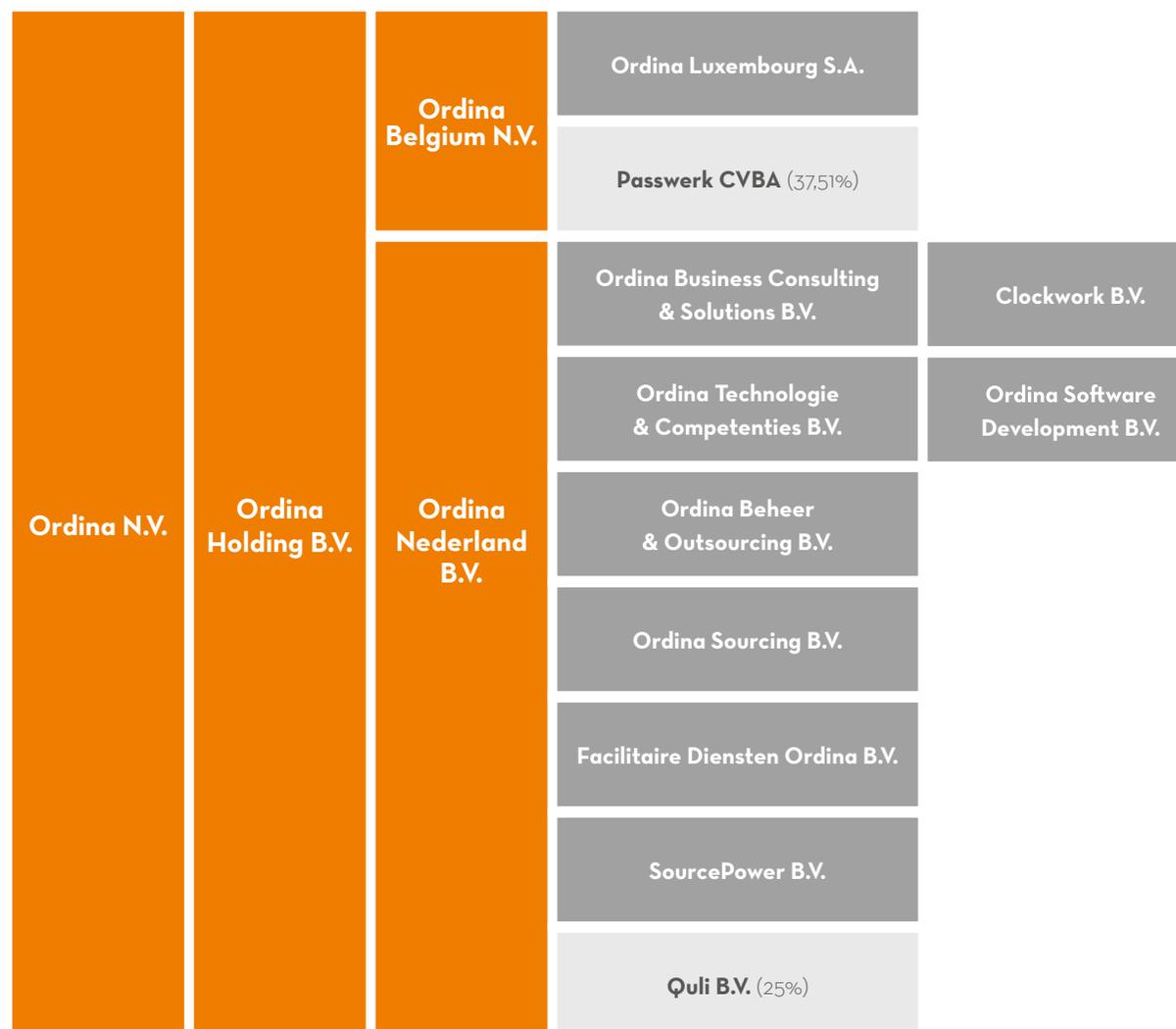
INDEPENDENT AUDITOR'S REPORT

For the Independent Auditor's Report we refer to page 208 in the Dutch version of the annual report 2018.

ASSURANCE REPORT

For the Assurance Report we refer to page 217 in the Dutch version of the annual report 2018.

LEGAL ORGANOGRAM ORDINA



■ Not recognised in Ordina's consolidated statements (minority interest).

GLOSSARY OF TERMS

General terms

Agile and DevOps: Agile is related to the 12 principles of the Agile Manifesto for the production of software. The best developers also use these principles in their day-to-day activities.

‘Agile’ literally means: agile. In the IT world, it refers to software development in short, clearly demarcated periods, often less than a month and sometimes no more than a week. These periods are referred to as iterations and each one is like a mini project in itself.

DevOps is a new principle that was prompted by the frustration arising from the fact that many IT projects in the field of software are delivered after the deadline, do not perform as planned and do not generate a return on investment. The word DevOps comes from the terms ‘developer’ and ‘system operator’. DevOps represents a development method in which new code is written in an agile way that can run in a stable fashion (error-free) in a

production environment and for which the developer remains responsible.

Blockchain: A blockchain is a network in which all players are directly connected to each other and jointly share and maintain an administration. Changes in this administration must meet the rules programmed into the blockchain. They must also be validated by the players in the network before they are incorporated in the joint administration. The joint administration in a blockchain grows and builds on the past.

Broker: A broker is an organisation that acts as an intermediary and matches supply and demand.

Service with an impact: Service with an impact refers to services Ordina provides that have a tangible impact on sustainability. Ordina measures this impact by assessing the project on the basis of the most relevant issues included in the materiality matrix, which has been drawn up in line with the guidelines of the Global

Reporting Initiative Standards. A project has to score a minimum number of points to be classified as a trend-setting project.

FTE: Number of employees expressed in full-time equivalents (40 hours per week). The average number of employees in FTEs is determined on the basis of roster days compared to workable days during a period. The FTEs at end-period figure is determined on the basis of contractual employment agreements with Ordina (this is excluding any mandatory leave options, such as maternity or paternity leave).

Global Reporting Initiative: International organisation that draws up guidelines for corporate social responsibility reporting.

Inclusive organisation (inclusivity): An organisation that has room for differences in the broadest sense of the word.

GLOSSARY OF TERMS

Employee Engagement Survey (EES): Ordina measures employee engagement on an annual basis to gain insight into the current mindset within Ordina. It enables us to focus efforts on areas where improvements are needed and further improve the working climate for all employees. Employees are able to express their views anonymously on the basis of a questionnaire.

Since 2015, we have included two questions relating to inclusivity in the employee engagement survey:

- I believe Ordina devotes sufficient attention to diversity within the organisation (differences in culture, beliefs, ethnic background, sexual orientation)
- I feel that it is possible to express diverging opinions within my own unit

The score on these questions is on a scale of 1 to 10 (1 = entirely disagree | 10 = entirely agree).

Ordina Promoter Score (OPS): The OPS is used to measure client satisfaction. The OPS is part of the Service Excellence Programme, the aim of which is to gauge the perception, satisfaction and expectations of our clients by objective means.

In 2016, Ordina adjusted the OPS measurement in the Netherlands. In previous years, interviewees who

declined to give an opinion were included in the survey as so-called passives, and exerted a downward pressure on the score. In 2016, a relatively large proportion of interviewees (15% vs. 6% in 2014 and 2015) declined to give an opinion, and in many cases this was a matter of principle or of company policy. The score excluding this target group provides a much better picture of client satisfaction. In line with this, we restated the score to 72% in 2016 vs. 67% and 65% in 2015 and 2014 respectively. According to the old methodology, the score would have come out at 61%, 63% and 62% respectively.

Ordina's largest clients in both the Netherlands and Belgium are invited to take part in the survey. The survey measures the OPS by asking the following question: 'If someone is looking for a partner for his/her services, how likely is it that you would recommend Ordina as a partner?'

Ordina calculates the score as the difference between the percentage of 'Excellent' and 'Good' scores (Promoters) and 'Inadequate' and 'Poor' (Detractors). The NPS itself is expressed in absolute terms in a number between -100 and +100.

Client satisfaction index (KTI): The KTI is a client satisfaction survey conducted among our clients in the

Netherlands and Belgium/Luxembourg. We measure the general satisfaction of our clients and conduct research on Ordina's image.

Ratio of men/women: the ratio of men to women working at Ordina.

Sickness-related absenteeism percentage (ZVP): Calculation of the number of sickness-related absentee days in the period / number of available days in the period x 100%. This takes into account the % of sick people and the % of employment contracts.

Financial terms

Amortisation: the depreciation of intangible fixed assets such as goodwill.

Dutch GAAP: The accounting policies for financial reporting generally accepted in the Netherlands (Annual reporting guidelines) and the legal provisions with respect to financial statements, as laid down in Section 9, Book 2 of the Dutch Civil Code.

EBIT: earnings before interest and taxes.

EBITDA: earnings before interest, taxes, depreciation and amortisation.

GLOSSARY OF TERMS

IFRS EU: International Financial Reporting Standards are the accounting standards for company annual reports, as accepted within the European Union. With effect from 1 January 2005, stock exchange listed companies in the EU are obliged to report according to these standards.

Solvency: shareholders' equity as a percentage of the balance sheet total (fixed assets and current assets).

Terms and measurements used for CSR results

Availability (average): the percentage of hours in a given period (calendar year) an employee was not used for a paid client contract, but during which they could have been used for same. Calculated as the number of hours registered (in the SAP time registration) under time code 'available' by direct employees divided by the number of workable hours in the year for those direct employees.

Fuel consumption reduction in litres: the fuel consumption of the lease cars in the Ordina fleet. The number of lease cars per category (diesel, petrol, LPG) and total fuel consumption are reported monthly by the lease companies and fuel card companies in the Netherlands, Belgium and Luxembourg.

CO₂ footprint: the quantity of emissions expressed in tonnes of CO₂. These emissions fall under scope 1, 2 and 3 emissions as defined in the CO₂ Performance ladder guide 3.0 produced by Stichting Klimaatvriendelijk Aanbesteden en Ondernemen (The Foundation for Climate Friendly Procurement and Business - SKAO) dated 10-06-2015. The conversion factors Ordina uses are also derived from this guide. You can find these online at www.co2emissiefactoren.nl (Dutch only).

CO₂ footprint calculation: Ordina's CO₂ footprint calculation includes the following components:

- **Gas consumption:** the gas consumption (in m³) in the buildings that Ordina leases, corrected for any sub-leases;
- **Fuel consumption lease cars:** the fuel consumption of the lease cars per category (diesel, petrol, LPG) in the Ordina fleet (statements from lease companies and fuel card companies);
- **Electricity consumption:** the electricity consumption (in kWh) in the buildings that Ordina leases, corrected for any sub-leases;
- **Business kilometres private cars:** in the Netherlands, these kilometres are determined on the basis of the amounts claimed as expenses for business kilometres. The amount is converted into the number of kilometres on the basis of a conversion factor laid down in the employment terms and conditions

(standard amount per kilometre). The division into categories of car (diesel, petrol, LPG) is on the basis of the index figures produced by the Dutch Central Bureau for Statistics (CBS). This does not apply to Belgium/Luxembourg;

- **Fuel consumption lease cars:** the fuel consumption of the lease cars per category (diesel, petrol, LPG) in the Ordina fleet (statements from lease companies and fuel card companies);
- **Air travel:** the number of kilometres flown (does not apply to Belgium/Luxembourg);
- **Paper use:** the number of kilogrammes of paper used, including printed matter (determined on the basis of invoices received);
- **Train kilometres:** in the Netherlands, these kilometres are determined on the basis of the amounts claimed as expenses for public transport costs. The amount is converted into the number of kilometres on the basis a conversion factor laid down in the employment terms and conditions (standard amount per kilometre). This does not apply to Belgium/Luxembourg;
- **Commuter traffic:** this is calculated on the basis of the distance travelled from home to work for employees who do not have a lease car (calculated on the basis of 241 work days per year)
- **Waste:** the number of kilogrammes of waste. In the Netherlands, this is calculated on the basis of invoices received. In Belgium/Luxembourg, Ordina receives statements from the company that picks up the waste.

GLOSSARY OF TERMS

- **Electricity consumption suppliers:** electricity consumption (in kWh) of the data centres that Ordina uses. In the Netherlands, this is determined on the basis of invoices received or meter readings. In Belgium/Luxembourg, electricity consumption (in kWh) is calculated on the basis of quarterly readings.

Energy reduction per work station for electricity: reduction in electricity consumption (in kWh) per work station (see below) in the buildings that Ordina leases, corrected for any sub-leases.

Energy reduction per work station for gas: reduction in gas consumption (in m3) per work station (see below) in the buildings that Ordina leases, corrected for any sub-leases.

Inclusivity: (see under General terms) is measured on the basis of two questions in our annual Employee Engagement Survey. The two questions are: whether there is room within Ordina for diverging opinions and whether Ordina devotes sufficient attention to diversity within the organisation.

Degree of participation: The number of unique participants (direct employees) in training courses compared with the total number of employees in active employment at year-end.

Security training courses: This KPI pertains to the number of employees (direct and indirect) who have taken the Security & privacy e-learning course. Ordina measures this KPI in numbers per training course in active employment at year-end.

Outflow direct employees at Ordina's request: the number of direct employees (in FTEs) whose employment was terminated at Ordina's request in 2018, as a percentage of the total number of direct employees (in FTEs) at year-end 2017.

Heating degree days (HDD)

To enable the accurate measurement of the effects of rises or drops in gas consumption and electricity consumption, Ordina looks at the number of heating degree days (HDD). The heating degree days are downloaded from the internet: www.kwa.nl/graad-dagen-en-koeldagen (De Bilt).

Work stations

The number of desks / tables that can be adjusted in height by the user or genitor with adjustable chair in a working environment that meets the working conditions directives (desk with chair), measured on the basis of up-to-date drawings of the buildings that Ordina leases.

GRI-INDEX

Standard	Disclosure title	Plaats onderdeel informatievoorziening	Paginnummer of link
GRI 102: General Disclosures			
Organizational profile			
102-1	Name of the organization	Ordina N.V.	
102-2	Activities, brands, products, and services	About Ordina	15
102-3	Location of headquarters	Nieuwegein	locations
102-4	Location of operations	Netherlands, Belgium and Luxembourg, About Ordina	17, locations
102-5	Ownership and legal form	Legal organogram, Financial statements (Group companies / Principal associates)	206, 204
102-6	Markets served	Our markets	31
102-7	Scale of the organization	Key figures, Five-year overview, Financial Statements	6, 8, 118
102-8	Information on employees and other workers	Key figures, Five-year overview, Our people, Financial Statements	6,8, 57, 118
102-9	Supply chain	About Ordina, Value creation model, Corporate Social Responsibility	15, 28, 73
102-10	Significant changes to the organization and its supply chain	About Ordina, Annual results (Group companies / Principal associates)	15, 206
102-11	Precautionary Principle or approach	About Ordina, Governance	15, 99
102-12	External initiatives	Corporate Social Responsibility	73
102-13	Membership of associations	Netherlands ICT	
Strategy			
102-14	Statement from senior decision-maker	Interview with the Management Board	2
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	About Ordina, Governance	57, 99
Governance structure			
102-18	Governance structure	About Ordina, Report Supervisory Board	15, 106
102-22	Composition of the highest governance body and its committees	About Ordina, Report Supervisory Board	15, 106

GRI-INDEX

Standard	Disclosure title	Plaats onderdeel informatievoorziening	Paginnummer of link
Stakeholder engagement			
102-40	List of stakeholder groups	Corporate Social Responsibility (Stakeholder dialogue and Materiality matrix)	73, materiality matrix
102-41	Identifying and selecting stakeholders	Corporate Social Responsibility (Stakeholder dialogue and Materiality matrix)	
102-42	Approach to stakeholder engagement	Corporate Social Responsibility (Stakeholder dialogue and Materiality matrix)	73, materiality matrix
102-43	Key topics and concerns raised	Corporate Social Responsibility (Stakeholder dialogue and Materiality matrix)	73, materiality matrix
102-44	De voornaamste onderwerpen en vraagstukken die naar voren zijn gekomen door de betrokkenheid van stakeholders en hoe de organisatie hierop heeft gereageerd, onder meer via haar verslaggeving.	Corporate Social Responsibility (Stakeholder dialogue and Materiality matrix)	73, materiality matrix
Reporting practice			
102-45	Entities included in the consolidated financial statements	Consolidated Financial Statements	118
102-46	Defining report content and topic Boundaries	Corporate Social Responsibility (Materiality matrix)	materiality matrix
102-47	List of material topics	Value creation model, Corporate Social Responsibility (Materiality matrix)	28, materiality matrix
102-48	Restatements of information	Corporate Social Responsibility, Financial Statements	
102-49	Changes in reporting	Corporate Social Responsibility, Financial Statements	
102-50	Reporting period	1 January until 31 December 2018	
102-51	Date of most recent report	Ordina annual report 2017 (publication February 15th, 2018)	
102-52	Reporting cycle	Yearly	
102-53	Contact point for questions regarding the report	Colofon	217
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option	
102-55	GRI content index	GRI-index	
102-56	External assurance	Other information	

GRI-INDEX

Standard	Disclosure title	Plaats onderdeel informatievoorziening	Paginnummer of link
Topic specific disclosures			
Discrimination and vulnerable groups			
	Management approach	Our people, Corporate Social Responsibility	
405-1	Diversity of governance bodies and employees	Our people	
Working conditions and social protection			
	Management approach	Our people, Corporate Social Responsibility, Risks, Governance	
201-3	Defined benefit plan obligations and other retirement plans	Financial Statements	118
Health and safety at work			
	Management approach	Our people, Governance	
Personal development and training at work			
	Management approach	Our people, Corporate Social Responsibility	
Prevent pollution of the environment			
	Management approach	Corporate Social Responsibility	
302-4	Reduction of energy consumption	Corporate Social Responsibility	73, materiality matrix
305-1	Direct (Scope 1) GHG emissions	Corporate Social Responsibility	73, materiality matrix
305-5	Reduction of GHG emissions	Corporate Social Responsibility	73, materiality matrix
Sustainable use of resources			
	Management approach	Corporate Social Responsibility	
302-3	Energy Intensity	Corporate Social responsibility	
302-4	Reduction of energy consumption	Corporate Social responsibility	73, materiality matrix
305-2	Energy indirect (Scope 2) GHG emissions	Corporate Social Responsibility	73, materiality matrix
Climate change			
	Management approach	Corporate Social Responsibility	

GRI-INDEX

Standard	Disclosure title	Plaats onderdeel informatievoorziening	Paginanummer of link
Anti-corruption and business integrity			
	Management approach	Governance, Risks	
205-2	Communication and training about anti-corruption policies and procedures	Governance, Corporate Social Responsibility (Materiality matrix), Corporate Governance	99, materiality matrix , Corporate Governance
205-3	Confirmed incidents of corruption and actions taken	Governance, Corporate Social Responsibility (Materiality matrix), Corporate Governance	99, materiality matrix , Corporate Governance
Fair competition			
	Management approach	Governance, Risks, Corporate Social Responsibility	
Enhance social responsibility			
	Management approach	Corporate Social Responsibility	
Fair marketing			
	Management approach	Governance, Corporate Social Responsibility	
Consumer health and safety			
	Management approach	Corporate Social Responsibility	
Access to essential facilities			
	Management approach	Governance, Corporate Social Responsibility	
Engagement with local communities			
	Management approach	Corporate Social Responsibility	
Technological development			
	Management approach	About Ordina, Our markets, Corporate Social Responsibility	
People central in IT			
	Management approach	About Ordina, Our markets, Corporate Social Responsibility	
Trust in IT market			
	Management approach	About Ordina, Our markets, Corporate Social Responsibility, Governance	

NFI REFERENTIETABEL

EU Directive Non-Financial Information and Diversity information reference table

Topic	Subtopic	Included (yes/no)	Chapter
Business model			
	N/A	Yes	About Ordina
Relevant social and personnel matters (e.g. HR, safety etc.)			
	A description of the policies pursued, including due diligence.	Yes	Report of the Supervisory Board
	The outcome of those policies.	Yes	Report of the Supervisory Board
	Principle risks in own operations and within value chain.	Yes	Report of the Supervisory Board
	How risks are managed.	Yes	Report of the Supervisory Board
	Non-financial key performance indicators.	Yes	Report of the Supervisory Board
Relevant Environmental matters (e.g. climate- related impacts)			
	A description of the policies pursued, including due diligence.	Yes	Corporate Social Responsibility
	The outcome of those policies.	Yes	Corporate Social Responsibility
	Principle risks in own operations and within value chain.	Yes	Corporate Social Responsibility
	How risks are managed.	Yes	Corporate Social Responsibility
	Non-financial key performance indicators.	Yes	Corporate Social Responsibility
Relevant matters with respect for human rights (e.g. labour protection)			
	A description of the policies pursued, including due diligence.	Yes	Governance, Risks
	The outcome of those policies.	Yes	Governance, Risks
	Principle risks in own operations and within value chain.	Yes	Governance, Risks
	How risks are managed.	Yes	Governance, Risks
	Non-financial key performance indicators.	Yes	Governance, Risks

NFI REFERENTIETABEL

EU Directive Non-Financial Information and Diversity information reference table

Topic	Subtopic	Included (yes/no)	Chapter
Relevant matters with respect to anti- corruption and bribery			
	A description of the policies pursued, including due diligence.	Yes	Governance, Risks
	The outcome of those policies.	Yes	Governance, Risks
	Principle risks in own operations and within value chain.	Yes	Governance, Risks
	How risks are managed.	Yes	Governance, Risks
	Non-financial key performance indicators.	Yes	Governance, Risks
Insight into the diversity (executive board and the supervisory board)			
	A description of the policies pursued.	Yes	Report of the Supervisory Board, Our people
	Diversity targets.	Yes	Report of the Supervisory Board, Our people
	Description of how the policy is implemented.	Yes	Report of the Supervisory Board, Our people
	Results of the diversity policy.	Yes	Report of the Supervisory Board, Our people

COLOPHON

Published

Ordina N.V.

Editor

Ordina N.V.

Translation

Piggott & Partners

Concept and design

C&F Report

Photography

C&F Report

ordina.nl ordina.be ordina.lu