Annual report 2019

ORDINA
Ahead of change

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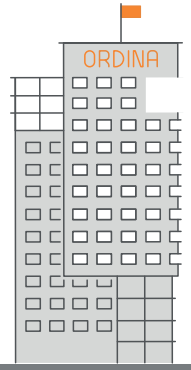
Chapters marked with 1 are part of the annual report pursuant to Section 391 of Book 2 of the Dutch Civil Code.

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

At a glance



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

Ordina's head office is in Nieuwegein. The company was founded in 1973 and the share has been listed on Euronext Amsterdam since 1987. The Ordina share is part of the Smallcap index (AScX).

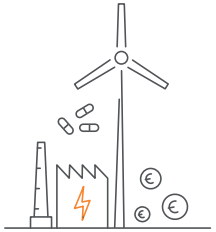
Ordina is the largest local IT services provider in the Benelux. We focus on giving our clients a digital edge, so they can improve their position in the market.

We use technology to respond to the challenges organisations are facing and devise smart and innovative solutions: we devise, build and manage applications that truly help our clients, so they can stay ahead of the challenges and changes in their sector.

We operate through three brands:
Ordina, SourcePower and Clockwork.

Our vision is
Ahead of change

Our mission is
Partnerships in sustainable innovation

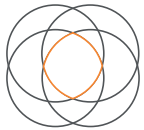


Markets

Ordina is active in four markets: the financial services sector, public sector, industry and the healthcare sector.

Business portfolio

Our activities are focussed in five business propositions: High performance teams, Intelligent data-driven organisations, Digital acceleration, Business platforms and Cybersecurity & compliance.



Services

We devise, build and manage technological applications for our clients. Our core activities are consulting, technology and management services.

Satisfied clients

Our clients are at the heart of everything we do. We use a customer satisfaction index (CSI) to measure the overall satisfaction of our clients in the Netherlands and Belgium/Luxembourg. The CSI score was 7.6 in the Netherlands and 7.7 in Belgium/Luxembourg.

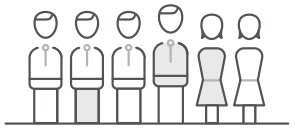
Partnerships

Ordina has partnerships with companies including Oracle, SAP, Microsoft, Mendix, MarkLogic, Pegasystems, Dassault Systémes and Dataiku.

Revenue

372.3

EBITDA 36.7
EBITDA adjusted[1] 25.1
Net profit 14.9
Net cash position (year-end 2019) 24.6
In EUR millions



Employees

2,629

(year-end 2018 2,647)
At Ordina the Netherlands and Belgium/Luxembourg
year-end 2019

Sustainability

84%

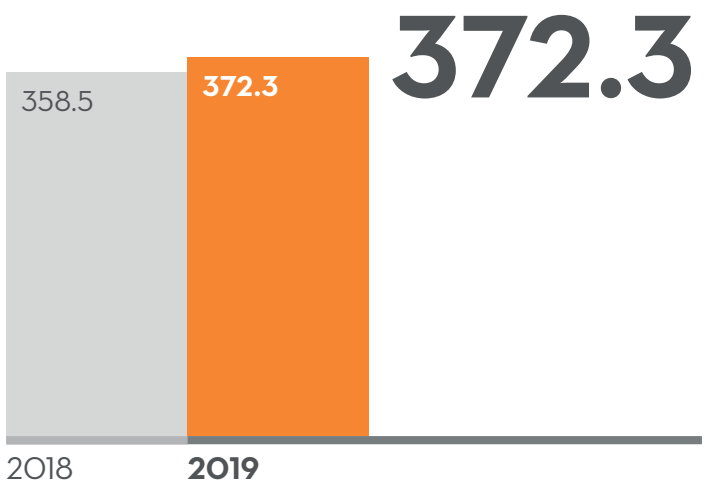
Degree of participation in training

1 *Adjusted for the application of IFRA 16 'Leases'*

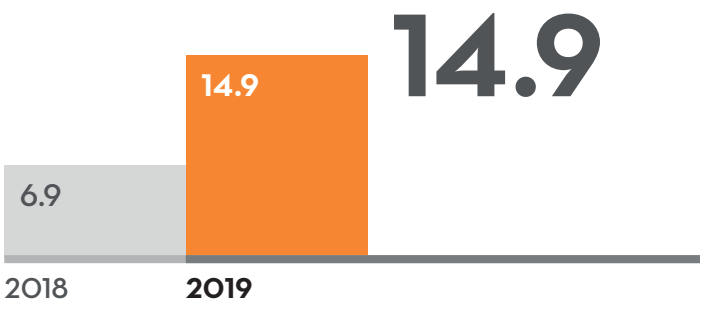
Key figures 2019

In millions of euros (unless stated otherwise)

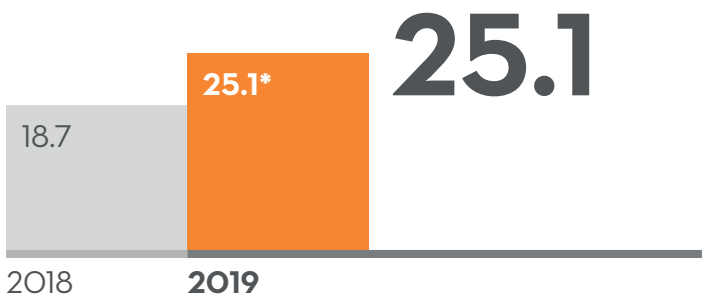
Revenue



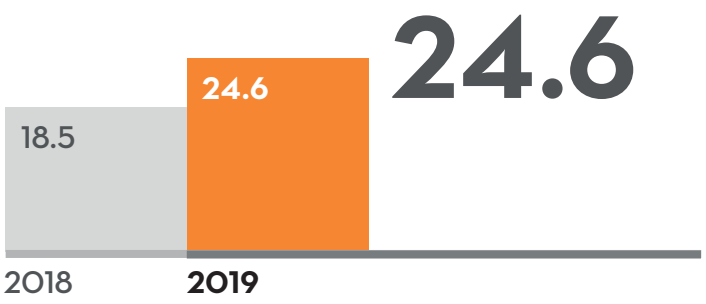
Net profit



EBITDA



Net cash position at year-end



* *Adjusted for the application of IFRS 16 'Leases'. Result 2019 including IFRA 16 is: EBITDA 36.7 million.*

Key figures 2019

In millions of euros (unless stated otherwise)

Revenue by market*

Financial services

105.4

+ 3.2%

2018	2019
102.1	**105.4**

Public sector

145.9

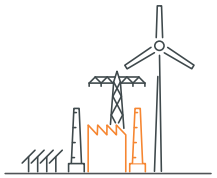
+ 6.6%

2018	2019
136.9	**145.9**

Industry

96.2

- 1.1%



2018	2019
97.3	**96.2**

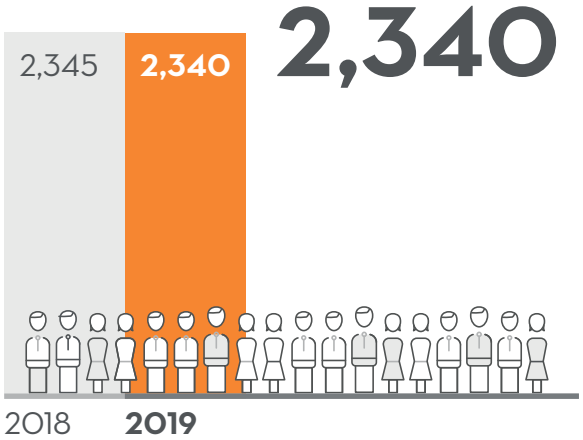
Healthcare

24.8

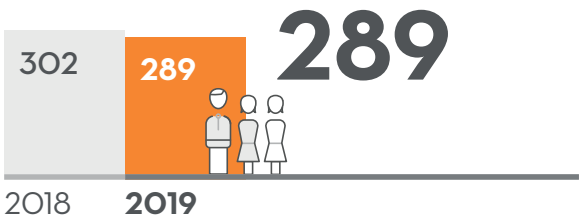
+ 11.2%

2018	2019
22.3	**24.8**

Number of direct employees (FTEs) at year-end



Number of indirect employees (FTEs) at year-end



* *2018 adjusted for the reclassification of a number of clients.*

Five-year overview

Key figures[1] *In millions of euros, unless stated otherwise*	**2019**	2018	2017	2016	2015
Revenue	372.3	358.5	344.9	343.6	348.3
EBITDA	36.7[2]	18.7	14.5	15.1	4.3
EBITDA margin as a % of revenu	9.9[2]	5.2	4.2	4.4	1.2
Net profit	14.9	6.9	3.1	5.0	-3.2
Net profit margin as a %	4.0	1.9	0.9	1.5	-0.9
Net cash position	24.6	18.5	10.9	2.7	4.5
Cash flow from operations	33.8	16.8	20.0	5.6	2.6
Leverage ratio based on bank convenants	-0.9	-0.9	-0.8	-0.2	-0.5
Interest Cover Ratio at year-end	206.9	106.6	57.7	54.5	18.8
Equity	163.5	153.0	147.8	147.4	141.8
Solvency	59	66	64	64	60
Intangible assets	129.8	130.4	131.8	136.2	134.3
Tangible assets	4.4	4.9	5.0	4.7	6.5
Average DSO (Days Sales Outstanding)	53	55	54	55	56
Average DPO (Days Payable Outstanding)	54	55	59	61	60
Average number of staff (FTE)	2,573	2,542	2,560	2,709	2,884
Average number of direct staff (FTE)	2,286	2,251	2,263	2,394	2,541
Average number of indirect staff (FTE)	287	291	297	315	343
Number of staff at year-end (FTE)	2,629	2,647	2,559	2,689	2,886
Number of direct staff at year-end (FTE)	2,340	2,345	2,276	2,382	2,542
Number of indirect staff at year-end (FTE)	289	302	283	307	344
Number of shares outstanding at year-end (in millions)	93.3	93.3	93.3	93.3	93.0
Productivity	69.3%	68.6%	68.0%	67.7%	64.9%
Ordina Promotor Score (NL and BE)	62.0 and 88.9	69.8 and 72.2	65.3 and 54.0	72.0 and 81.3	67.2 and 84.3
Scores HRM targets:					
Employee engagement survey	7.1	7.1	6.8	6.8	6.5
Inclusiveness (score on question employee engagement survey)	7.3	7.3	7.1	7.1	6.9
Scores Environmental targets CRS plan					
Energy reduction per work space for electricity[3]	-2.2%	-19.5%	5.7%	-3.3%	4.5%
Energy reduction per work space for gas[3]	30.5%	-27.8%	-4.9%	-2.8%	22.5%
Fuel reduction in liters per car[3]	1.7%	-2.6%	-3.8%	-6.3%	-6.1%
CO_2-reduction per FTE[3]	-0.3%	-4.0%	-5.7%	-3.3%	-6.0%
CO_2-performance ladder level 5	Maintaining level 5	Maintaining level 5	Maintaining level 5	Maintaining level 5	Maintaining level 5

1 *Information based on the annual reports published for the relevant years.*

2 *IFRS 16 'Leases' applied as of 2019. Result 2019 excluding IFRS 16 was: EBITDA 25.1 million, EBITDA margin 6.7%.*

3 *Negative % is a reduction compared to previous year*

Year overview

Foreword by the Management Board

Ordina had a great year in 2019. Our clients and our people are enthusiastic about the strategic direction we have chosen to take. This is also clear from the results of the surveys we once again conducted last year. Our commercial successes are having an infectious effect on both the organisation itself and the market. We still have plenty of work to do, because we have raised the bar high with Ordina 2022. But 2019 has given us plenty of leads to build on in the coming years. And the results of our strategy are clearly visible in the improved profitability of our company. We are very proud of all our colleagues together with whom we worked so hard to achieve this!

Distinctive profile, now and in the future

Our business propositions are an important cornerstone of our strategy. They give Ordina a recognisable and distinctive market positioning. The business propositions now account for 32% of our revenue.

Via each of our five business propositions, we offer practical solutions with which we help our clients respond to their business challenges. For instance, we have a strong market position in the industry sector in planning solutions, to deal with the likes of logistics challenges and personnel planning. In the public sector, we help our clients to effect complete and secure transitions from old to new IT environments, or business platforms. We realised numerous projects on this front in 2019. In the financial sector we offer successful solutions for instance for fraud detection using our High performance teams

Satisfied clients

Our clients determine whether we are successful in helping them deal with the challenges they face, which is why regularly find us right there with our clients. We also assess our clients' satisfaction with our services on an annual basis. So we are proud of last year's client satisfaction score of 7.6 in the Benelux. We gained further recognition for

our efforts in 2019 in the form of the highest client satisfaction (NPS score) in the category Secondment & Outsourcing in the MT 1000.

Engaged colleagues

Engaged colleagues are crucial to Ordina's success. This is exactly why we believe it is important that Ordina is a company that people work for with both pride and passion. A company they want to be a part of. This is why we invest continuously in a culture that puts a high priority on development, learning, communities and social activities.

And these efforts have paid off: our professionals enjoy working at Ordina, which is also clear from our engagement score of 7.1 among our colleagues in the Benelux. We are also very proud that we were awarded the title of Top Employer for 2020.

In order to realise our plans, we will need new colleagues to join our enthusiastic and committed professionals. This is a major challenge given the shortages in the labour market, which is why we launched a number of labour market campaigns in 2019, with our own colleagues acting as ambassadors for our company.

Improved financial result

The progress we booked with our business propositions, our satisfied clients and our proud colleagues all contributed to the improved result in 2019, and we continued the upward trend in revenue and returns we have seen in recent years. Our activities in Belgium and Luxembourg continued their strong performance and recorded a solid result, especially in the industry, financial services and healthcare sectors. The expansion of our activities in the Wallonia region also made a positive contribution to these results.

The improved results in the Netherlands were the main driver of the improvement in returns. We are seeing growth primarily in the public sector, but there is still room for improvement elsewhere. For instance, we did not book sufficient progress in the industry sector in 2019. We plan to make a considerable effort on that front in 2020.

Sustainable performance

Hard work continues on the changes of today and tomorrow, which is why corporate social responsibility remains a key priority. In 2019, we continued our efforts by aligning our sustainability objectives directly with our core activities and our vision: Ahead of change. In this, we continue to focus on the interests of our key stakeholders: our clients, our employees, shareholders and suppliers.
In 2019, we once again proved that movement is indeed progress. We look forward to maintaining our forward momentum in 2020 as well, and helping our clients stay ahead of change.

Jo Maes *(CEO)*

Annemieke den Otter *(CFO)*

> "To continue to make progress, we help our customers on their way to the future."

2019, what a year!

14, 15, 17.01.2019

College Tour

Ordina 2022 is Ordina's new strategy. CEO Jo Maes and CFO Annemieke den Otter explain the new strategic direction to Ordina employees during the Ordina College Tour in early 2019.

Kofax Excellence-Award

Ordina is making a lot of progress on the Robotic Process Automation (RPA) front. During the Kofax Partner Summit in Los Angeles, Ordina wins the Kofax Partner Excellence Award 2019 for RPA Partner of the year.

08.04.2019

01.05.2019

New recruitment campaign

Ordina is constantly looking for new employees. In the spring of 2019 we launch a new recruitment campaign in the Netherlands with the slogan 'Stay ahead of change. Start at Ordina'.

Ordina Expert Night

Organisations have to respond in a smart way to the ever more rapidly changing expectations of both clients and employees, while at the same time keeping their cost-to-serve and IT costs under control. But what is the best, most scalable way to innovate? RPA projects are indisputably quick, but is RPA just as sustainable as Microservices? That's exactly what two experts debated during 'the battle: Robotic Process Automation vs Microservices'!

06.05.2019

Techorama

Techorama is an annual international technology conference in Antwerp with around 1,700 attendees. Our Ordina Ncore expert gave a presentation on the changes AI will bring and how developers will have to deal with those changes. His point: you don't have to be a math wizard, or have a Master's degree to get down to work as a developer with Machine Learning.

21.05.2019

Partnership MarkLogic

Ordina and MarkLogic join forces to improve the data integration of organisations. Ordina helps organisations in their transition to intelligent data-driven organisations, with a heavy focus on security, privacy and optimising the entire information system.

27.06.2019

18.06.2019

Tender VNG

In October, Ordina wins the GGI-Safe tender from the Association of Dutch Municipalities (Vereniging Nederlandse Gemeenten). The aim of GGI-Safe is to help municipalities increase their digital resilience and make their IT infrastructure more secure. GGI-Safe consists of a range of products and services for information security, including network monitoring and security products.

19.06.2019

Code & Comedy

Code & Comedy, the annual Ordina event for software developers and programmers, once again draws huge crowds.

Partnership Dataiku

Ordina and Dataiku, a supplier of Artificial Intelligence and Machine Learning platforms, team up to help customers get even more value from their data.

17.09.2019

Devoxx4Kids

Sixty children between the ages of 9 and 14 take part in Devoxx4kids, to learn all about programming from Ordina's software developers.

11.11.2019

04.10.2019

JOIN

JOIN, which stands for JWorks Open Innovation & Networking event, is an annual conference organised by Ordina colleagues. Clients, peers and anyone who'd like a taste of Ordina's Java & Open Source team can take part. The seventh edition of the conference offered everything from the latest technical gadgets to best practices and agile topics.

21.11.2019

Channel Award 2019

In November, Ordina and MarkLogic win the Channel Award 2019 in the category 'Most Successful Partner Network Extension of the Year'.

10.12.2019

Winter Parade

To mark the end of a successful year, in early December Ordina organised the Winter Parade, a dazzling celebration for all of its Dutch colleagues.

About Ordina

The Management Board comprises the CEO and CFO, who together form the statutory management. The Management Board is responsible for the strategy and management of Ordina. Ordina has an Executive Committee (ExCo) to ensure that the company's day-to-day 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 of Belgium/Luxembourg, the director of Human Resources, the director of Digital Banking and the director of Portfolio & Business development.

Ordina
Management Board

- **Portfolio & Business Development** (BeNeLux)
- **Commercie** (NL)
- **Delivery** (NL)
- **BeLux**

You will find the legal organogram on page 165.

Organisational structure

Ordina is active in the Netherlands, Belgium and Luxembourg. We have 1,805 employees (year-end 2019: 1,717 FTEs) in the Netherlands and 924 employees (year-end 2019: 912 FTEs) in Belgium/Luxembourg. The services we provide to clients in the three countries are comparable. Both in the Netherlands and in Belgium/Luxembourg, the Ordina organisation consists of Commerce, Delivery and Portfolio management. These business departments are supported by various staff departments.

Our services

Ordina operates as an IT services provider in the financial services sector, public sector, industry and the healthcare sector. We devise, develop and manage technological solutions for our clients. Our core activities are consulting, technology and outsourcing services, which we deliver to our clients on the basis of our five business propositions and the underlying Ordina solutions.
This can be in the form of a one-off project, the management of IT applications, IT (cloud) infrastructures and work stations or complete outsourcing. In recent years, the transition to agile working has resulted in another service: our multi-disciplinary High performance teams. These teams are put together on the basis of a tried and tested approach and work towards a common goal in short sprints, and they hold each other accountable when it comes to the result. Ordina currently has around 70 teams working at our clients.

Marc van Dijk, Robin Sellaiyah and Maaike van der Dries

> "Ordina now has around 70 teams working at our clients."

About Ordina

Trends and market developments

One key trend we have seen in the market is the move towards *agile working*. Initially, the big financial institutions took the lead on this front, but we are now seeing companies and organisations in the industry and public sectors also adopting this way of working. Our business proposition High performance teams is an excellent response to this trend.

In addition, growing numbers of companies and organisations are embracing the *digital first strategy*. We can provide suitable solutions by combining our Digital acceleration business proposition with Business platforms. In addition to the development of user-friendly apps and websites at the front end, we also provide a stable and secure platform at the back end, which enables organisations to conduct their business processes quickly and effectively. The business platform is robust, with a flexible layer, which creates the possibility of plugging in to other platforms.

Another development in the market is the *value of data*. Our clients are aware of the value of data and are looking for solutions to make data more accessible and easily usable. An intelligent and data-driven organisation can actively combine knowledge within the organisation with data-based knowledge. Making smart use of this data-enriched know-how in all operating processes makes an organisation agile and gives it the potential to excel in an increasingly digitalised world.

Finally, we come to *security*. Information security is an indispensable link in the continuity of operating processes. We use our solutions in the field of Cybersecurity & compliance to make our clients' IT infrastructure more secure and more resilient in the face of (cyber) attacks. In this process, we focus on the most relevant security risks, geared to an organisation's primary processes. We use an integrated approach, taking into account technology, organisational issues and the human factor.

> "Our clients see the value of data and want solutions that will help them unlock and apply that data."

Markets

Ordina is active in four markets: the financial services sector, public sector, industry and the healthcare sector.

Financial services

IT is a core business for all the players in the financial services sector. This is true for both large international clients and (local) clients. Tighter legislation and regulations, pressure on costs and competition from FinTech businesses are all increasing the demand for digitalisation. Data determines the value of a company on the compliance, security and customer value fronts. Ordina is responds with solutions that increase performance and customer experience by optimising processes and information handling, plus solutions in the field of fraud detection.

Public sector

The public sector is moving full steam ahead with its digital agenda. And this is happening at both national and local levels. Ordina is active in this market with solutions that are safe, flexible and robust and that improve the interaction between citizens, the public sector and organisations. This technology is also helping to create a flexible and compact public sector with self-sufficient citizens. Technology also connects personal to digital and legacy to user experience.

Industry

The key challenges in this sector are intelligent operations, customer engagement and an optimum ecosystem. Ordina is active in a number of sectors, such as transport, logistics, energy, water and waste processing (utilities), telecom and the media. Ordina's main focus in this sector is on organisations that use data-driven automation and decision-making processes and that use data-driven technologies such as artificial intelligence, machine learning, Internet of Things and predictive analytics.

Healthcare

Our focus in the healthcare market is primary on compliance consultancy and IT services in the pharmaceutical sector in Belgium. In the Netherlands, Ordina's primary focus is on care and cure institutions. However, in the Netherlands it has proven difficult for Ordina to establish a firm foundation for its activities in this highly fragmented landscape of care institutions. This is why Ordina has now decided to focus fully on the pharmaceutical industry and from 2020 will report this revenue stream as part of the Industry segment.

Ordina ahead of change

Movement in progress

Water authority Noorderzijlvast
Risk-controlled dredging

page 16

Port of Rotterdam
KING 3.0

page 19

Schiphol
Temporary Security Filter

page 22

Rabobank
HP-team fraud detection

page 25

D'Ieteren
Online platform

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Nelson Labs
Optimalisation validation processes

page 31

Transforming your business with our 5 business propositions

High performance teams

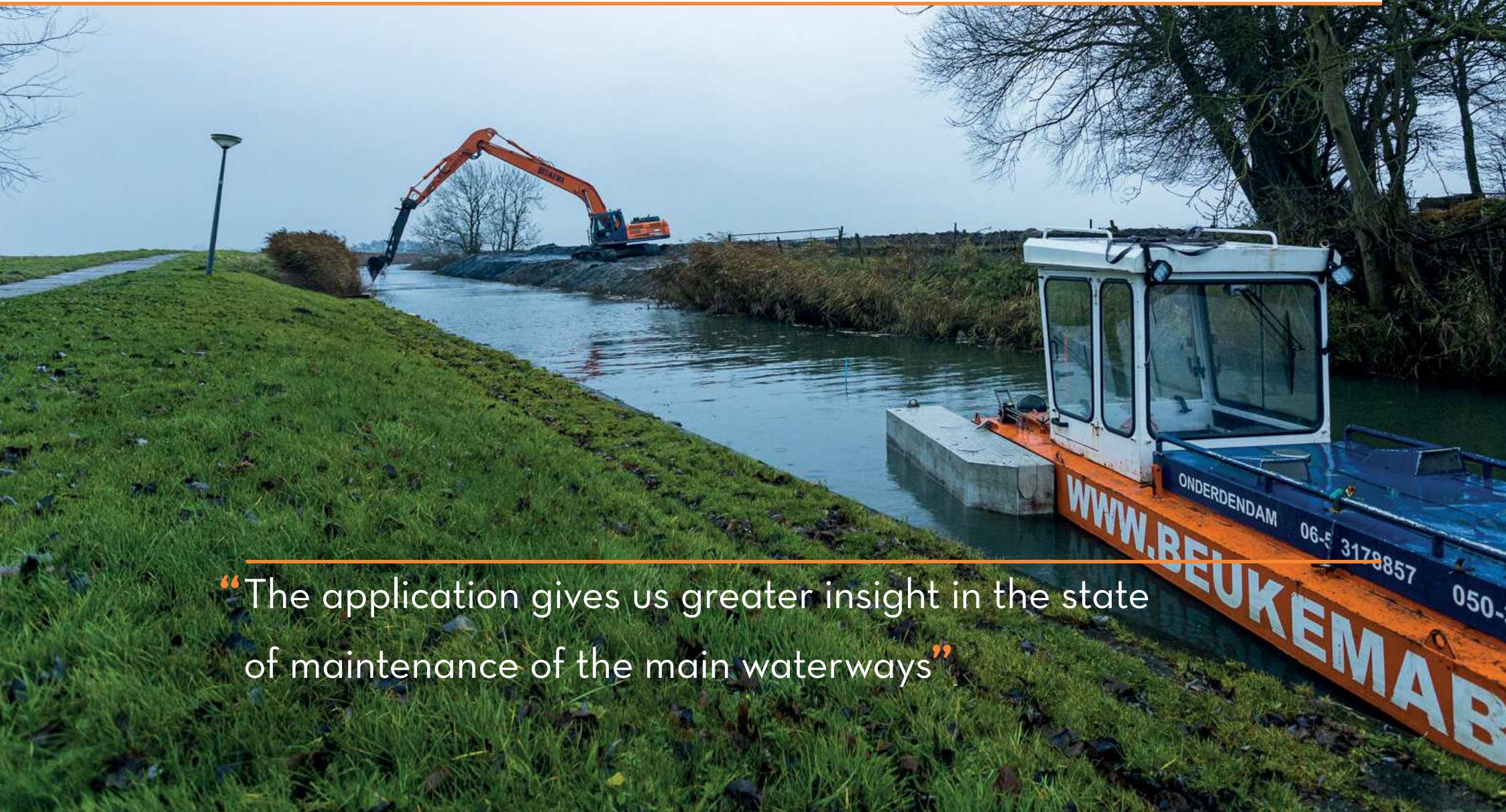
Intelligent data-driven organisations

Digital acceleration

Business platforms

Cybersecurity & compliance

Risk-controlled dredging



"The application gives us greater insight in the state of maintenance of the main waterways"

Noorderzijlvest water authority uses application to identify dredging risks

The Noorderzijlvest water authority is responsible for the management of around 2,550 kilometres of waterways, including around 350 kilometres of canals and waterways in the north of the Netherlands. This is a pretty considerable task, because these waterways have to stay deep and wide enough, but they also need to be cleaned up.

Dredging canals and waterways

The management tasks include dredging the main waterways, around 15 kilometres of which are dredged each year. For this task, the water authority uses SingleBeam data, which measures the distance between the dredging sludge and water surface, all relative to Amsterdam Ordnance Data (NAP). "We use the data to draw up a multi-year dredging plan, which specifies where and when dredging should take place. In the past, this data was processed manually, but that created too much uncertainty about the accretion of dredging sludge at waterway level, which sometimes led to debates about where dredging should or should not take place," says Jan Willem de Boer, planner of water systems water safety at Noorderzijlvest.

Application development

Although the water authority has a lot of data and know-how, it sometimes lacks the capacity

Continued page 18 >

to convert this data into useful information that can be used to deliver the dredging planning. In early 2019, in order to gain more insight into the state of maintenance of this main waterway, the water authority contacted Ordina, which has a lot of experience with data-driven methods and GEO-IT. Together with the water authority, Ordina built an application that identifies the dredging risks and visualises the bottlenecks in the area.

Scrum team

The scrum team combined professionals from Ordina and water authority staff. This resulted in a productive cooperation, in which Ordina provided the technical expertise and the water authority the domain expertise. The calculations are made in the FME platform, an environment that supports varying data formats and allows users to carry out tasks such as conversions. Geoweb is used to visualise the bottlenecks.

Accretion of sludge

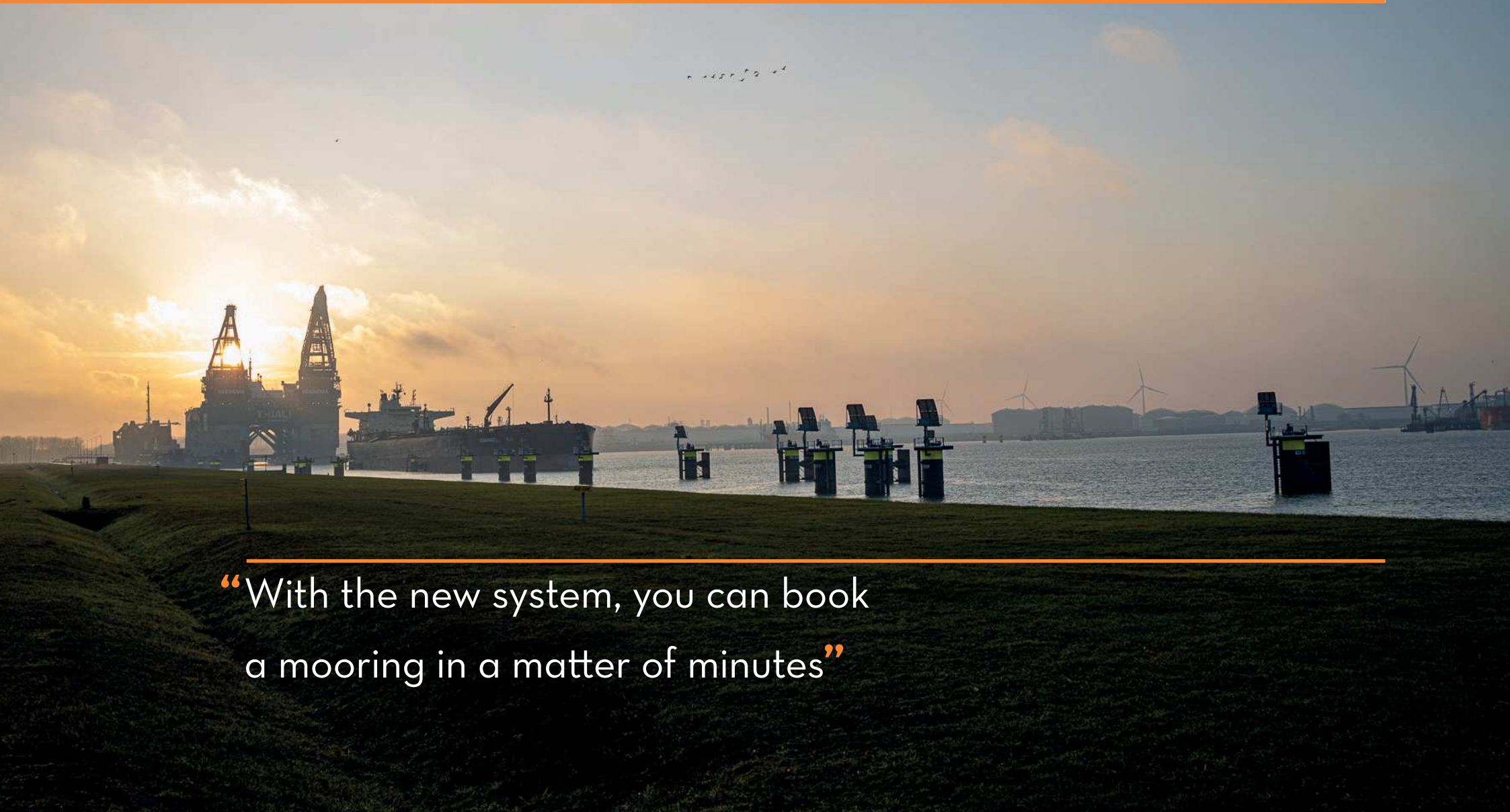
A key yardstick when it comes to determining the inflow and outflow of water, draught and water quality is the accretion of sludge, says De Boere. “The water authority has datasets with SingleBeam measurements (every five years) of all canals and waterways. We also have recent cross sections of the waterways. We use this data as input to calculate sludge volumes, sludge accretion and draught.”

Risk-based dredging

The application Ordina delivered enables the Noorderzijlvest water authority to dredge based on risks and by doing so serve citizens and companies in the area more effectively when it comes to water inflow and outflow, and navigability. The application predicts where and when risks will arise and visualises this per year. Those who work at the water authority see the usefulness of the application, because it can be used by, among others, the planner of dredging works, project managers, ecologists, water level managers and hydrologists. <

Jan Willem de Boer >
Planner water systems water safety

Book buoys and dolphins online



"With the new system, you can book a mooring in a matter of minutes"

Ordina builds new online booking system for Port of Rotterdam

Ships that come into port want to waste as little time as possible, because every day a ship spends idle costs money. Following the realisation of KING 3.0, agents can use the new booking system for buoys and dolphins to book a guaranteed berth for ships of up to 400 metres.

29 berths

Divided across multiple locations from Maasvlakte to Dordrecht, the Port of Rotterdam has 29 berths with buoys and dolphins on the water. They provide a strong and secure berth for ship to ship transfers of cargo, bunkering, repairs and cleaning; all work that can be carried out on the water while a vessel is secured to the buoys and dolphins. And it is a simple matter for agents to arrange a berth for such a ship on behalf of the shipping company or owner of the cargo.

Telephone calls

A team from Ordina Clockwork, in cooperation with Rotterdam Port Authority, delivered the booking system that went live in September 2019. Amanda de Bruine, product owner and business manager STS

Continued page 21 ›

Operations Industry & Bulk Cargo, says the system worked perfectly from day one. “The big advantage of the new booking system is that agents no longer have to phone the Port Authority to book a berth. Previously, all you could do was make a reservation and that put you on a waiting list, but you never knew for certain whether you would actually get a spot. This resulted in at least 100 phone calls every day. With the new system, the agent knows immediately where they stand and booking gets you a guaranteed spot. All the agent has to do is enter the arrival date, duration of the stay and name and length of the ship into the system and they get an immediate overview of all available buoys and dolphins.”

More efficient planning

Amanda de Bruine says KING 3.0 has another advantage. “The planning is a lot more efficient. In the old situation, an agent couldn’t book for themselves, which could result in queues of waiting ships. We also had to monitor the planning constantly, to check whether ships were leaving on time. A few smart changes to the user rules and the introduction of the new system makes that a thing of the past. We have even seen a reduction in the amount of time ships spend in port and an increase in cooperation between the agents themselves. This means the Port Authority can increase the port’s capacity, and the new booking system makes the port smarter.”

Responsibility

The Ordina Clockwork developers worked closely together with the Port Authority on the development of the system. Amanda de Bruine: “Clockwork played an important role from the design concept and the development to the delivery of the physical product. And what was great about the team was that they also accepted full responsibility for the product and they were determined to get everything right. That resulted in great ideas and a lot of creativity.” <

Amanda de Bruine >
Product owner and business manager STS Operations Industry & Bulk Cargo

Schiphol takes temporary security filter into use

Ordina project manager Leandra Boudewijn gets the job done to realise eight security lanes

"Building at Schiphol is like building on a postage stamp. You have to take all kinds of stakeholders into account."

Tight deadline for delivery of security filter

Security filter fitted with the latest IT technology

The number of passengers using Amsterdam's Schiphol Airport just keeps on growing. Departures 1 and Lounge 1 are currently being renovated and expanded to increase capacity.
This is an ambitious project, says Dennis Stout, who works at Schiphol and is the client for the redevelopment of Departures 1 and Lounge 1. "This is a major renovation. Departures 1 (where you check in and go through security) and Lounge 1 with its attached shopping area. We're renovating areas in phases, including the addition of a new mezzanine floor, a lounge and a panoramic terrace, plus new escalators and lifts."

Construction Temporary Security Filter

Schiphol has built a Temporary Security Filter to make sure the renovation of Departures 1 and Lounge 1 runs smoothly. "When we started this, it was just a parking lot. In a year's time, we have built a completely new building, covering an area of some 1,500 square metres, with the security filter providing space for eight security lanes with the latest IT technology. The security filter was taken into use in October last year and makes sure the airport maintains its security capacity during the renovation", says Dennis Stout.

Eight security lanes

As IT project manager, Ordina's Leandra Boudewijn, was responsible for furnishing the interior of the Temporary Security Filter. "That goes beyond the eight security lanes and includes the X-ray machines, bottle

Continued page 24 ›

analysers and security scanners, but also covers access management with card readers, screens, cameras, boarding pass control gates, plus wifi and walkie-talkie communications".

Quite a challenge, especially since all this had to be done in seven weeks with a tight deadline set for 1 October 2019. Together with a team of 10 professionals and several suppliers, Leandra got the job done. "Yes, that was a bit of a rush. Thankfully, I had a great team at my disposal, with a whole group of specialists who knew exactly what was expected of them. Everyone was fully committed to the project, and we all had our sights set on the same goal: on 1 October, the Temporary Security Filter had to be opened, no matter what it cost, so that was a matter of just going for it. And delivering later was simply not an option because of the mid-term holiday."

It did get a little tense from time to time, says Leandra. "We had six weeks to install the security lanes. That installation went fine, but then you have to test them and we just couldn't get them working properly. Fortunately, the installation of the boarding pass control gates went smoothly, which gave us extra time to get the security lanes up and running. So in the end there was some stress, but it all worked out."

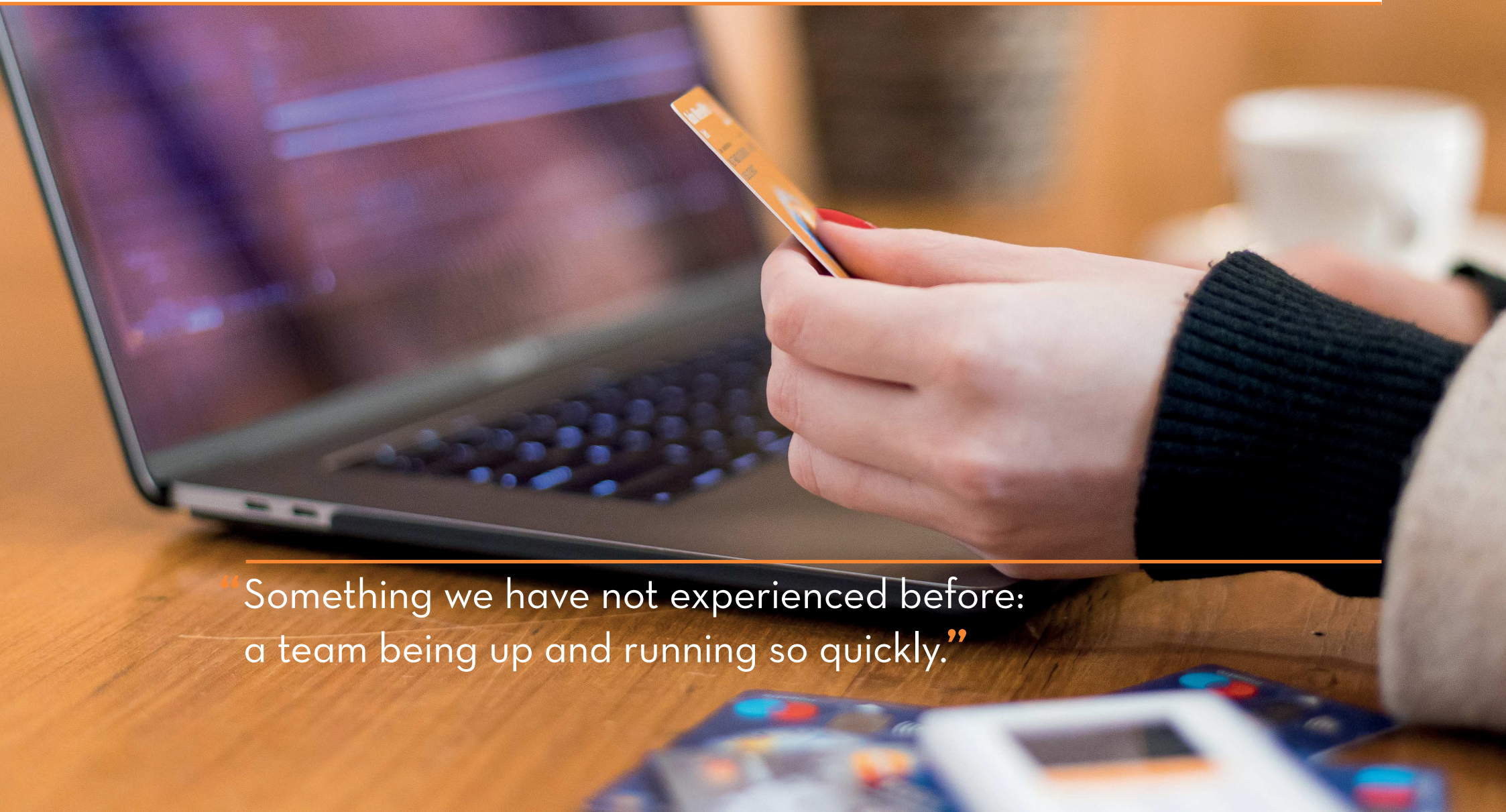
Can-do mentality

Looking back, Dennis Stout is pleased with how the realisation of the Temporary Security Filter went. "This was quite a special project. Building at Schiphol Airport is like building on a postage stamp. You have to take all kinds of stakeholders into account. The renovation and set-up of the security filter also had to be carried out under a lot of time pressure. That makes it complex. I sensed a real 'can-do' mentality among all those involved. Everyone was well aware of the greater interest and didn't limit themselves to their own sub-projects. As a professional, you sometimes have to take into account interests that are not directly to your own advantage, and the interests of Schiphol and passengers come first. They delivered a good job, and that is also clear from shows in the customer satisfaction. Passengers barely noticed the renovation, but are also very satisfied with the security filter". <

< Dennis Stout
Client redesign Departure and Lounge 1

In-house fraud detection

Ordina helps secure banking systems



"Something we have not experienced before: a team being up and running so quickly."

Ordina's 'Credit Guards' support Rabobank

High performance team is three months ahead of planning

Alert, fast and diligent

MCredit card fraud involves huge sums of money, which is why criminals constantly invest in new ways to circumvent existing security measures that allow them to outwit financial institutions in today's digital world. This makes it incredibly important for banks to protect themselves and their clients against this type of criminal activity. Rabobank believes this should involve alertness, speed and diligence. The bank had outsourced the administration of its credit cards to an external party. In 2019, the bank's fraud detection had to be readied for the bank to bring that administration back in-house in 2020. Ordina is providing support for the project.

Multi-disciplinary team

Ordina introduced a High performance team, a five-strong multi-disciplinary team that soon became known as the bank's 'Credit Guards'. Delivery manager within Compliance IT, Cor Henzen, who commissioned the project, was immediately impressed with the

Continued page 27 >

team. “At the end of January 2019, we asked Ordina to take on this project, and in early March we had a fully prepared team on our doorstep. I have never seen a team get up and running quite so quickly.” The Ordina IT professionals added Inform’s RiskShield package to the credit card transaction chain. The package’s algorithms automatically send a signal to the bank’s fraud analysts if a transaction deviates from normal patterns, which enables the specialists to take immediate action.

Flexible adaptation

“This is taking place as we speak, with minimal delays and to the letter,” says Cor Henzen. “Ordinary payment traffic is a matter of seconds, while credit card transactions take a little more time, but the systems are built to take that into account. And we can adapt it all flexibly to any changes in fraud patterns.” The new fraud detection system is already up and running for a select group of family and friend card holders. The administration of the first 10,000 Rabobank credit cards switched to the new system at the end of January 2020, and the rest will follow in February and March.

Getting ahead

Cor Henzen acknowledges that this is a major project and a significant change for the bank. “But Ordina has kept its promise and we are certainly ahead of the game with this new system.” Rabobank has four large, India-based preferred suppliers for the bulk of its IT, but the bank opted for a player closer to home for this project, and he was perfectly satisfied with that cooperation, says Cor Henzen. “As a result of this project, we now have six Ordina High performance teams working on projects at the bank, so this project gave us a taste for more.” <

Cor Henzen >
Delivery manager Compliance IT
Rabobank

A new Volkswagen is just one mouse-click away

You can do anything digitally, so why not buying a car?

"This new generation does everything with digital tools. As a company, we want to communicate effectively with that generation."

Buying a car online

100% Online

Car dealer D'Ieteren asked Ordina Belgium to make online sales of its cars easier and faster. The company has a digital platform for Volkswagen cars, but this was due an upgrade, plus the dealer wanted to add a lot more functionality. Customers had to be able to buy their cars fully online. The importer sells a wide range of car brands, including Audi, Seat, Skoda, Bentley, Lamborghini, Bugatti, Porsche and Volkswagen, via an extensive network of showrooms. D'Ieteren's Philippe Vandersteen says that the full digitalisation of car sales is a logical ambition: "There is a new generation that uses digital tools for everything. We want to communicate effectively with that generation."

Choosing, buying and financing

Ordina built a new and attractive online platform for D'Ieteren and looked at the entire sales process from that perspective. We discussed various scenarios and designs with D'Ieteren and ran these through user tests before we got down to coding. This was when Ordina's software developers got to work to link a whole range of back-end systems to one customer-friendly portal via APIs *(Application Programming Interfaces)*.

Vandersteen. "That very quickly led to 50% more visitors. They can now choose their car, sign the order form and arrange financing, all completely

Continued page 30 ›

online. And our showrooms will all benefit, as they are all linked up to the new digital platform. This online platform puts us ahead of change, and we are building a digital future."

Given the huge success of the platform with Volkswagen cars, it is now time for Audi, Seat and Skoda. Vandersteen is also positive about working with Ordina: "The thorough testing with customers and the ability to make tight deadlines; that's where we can completely rely on Ordina!" <

Philippe Vandersteen van D'Ieteren >
Director Brand management & Marketing

Ordina expertise helps Nelson Labs improve efficiency and compliance

"Compliance is an integral part of everything we do"

Ordina optimises Nelson Labs validation processes

From blister packaging for medications to IVs and inhalers: every single product that comes into contact with medications has to be tested for contamination with chemical substances. Nelson Labs Europe in Leuven is the market leader in the testing for these substances, known as extractables and leachables. This testing takes place in strictly regulated environments. At the same time, all the computer systems and software Nelson Labs uses also have to be validated and the data they generate has to be correctly stored.

Ordina's Natasja Bastiaens is assisting Nelson Labs on the quality and compliance fronts. "Nelson Labs has to comply with a huge number of regulations, laws and standards. For instance, '21 CFR Part 11' of the FDA, determines how they must handle electronic data. Plus they also have to meet good manufacturing and good laboratory practices standards, which means they need to comply with rules relating to the safety of pharmaceutical products and their packaging, conduct tests, validate computer systems and instruments and conduct calibrations in laboratories," Bastiaens explains.

"Nelson Labs Europe called us in to help them optimise their validation processes.

From assessment through training

After a meeting with the internal QA team and the management, Natasja decided to launch an assessment to identify any gaps in the existing approach. And with the results in hand, she put forward a number of improvement proposals, which she subsequently prioritised in close consultation with Nelson Labs Europe.

The Ordina Q&C team has become a permanent presence in the Nelson Labs Europe buildings. Natasja guides, coaches and provides training. And she has the full support of company's senior management, something she considers essential: "We get together every month to discuss the status and all the upcoming activities, and the senior management help us get the entire organisation involved in this process. Because not just the internal QA team, but everyone at Nelson Labs has to know which regulations and standards apply to which processes

Continued page 33 >

and computer systems and other systems, and why. So we provide awareness raising and training for the QA team and for everyone else at Nelsons Labs. This means the awareness seeps in gradually across the entire organisation and this enables us to optimise every single process."

Tool to consolidate the test results

Following a positive experience with Natasja and her colleagues, Nelson Labs also called on Ordina for the development of a practical tool. "Nelson Labs' scientists collect massive amounts of data during their tests and analyses, which they process into analysis reports for their clients. Putting these reports together took up vast amounts of time, because the information is spread across various sources – from Excel files and paper documents to other computer systems. The results of various analyses were often entered by hand and this involved a lot of double work. They were losing a lot of time on input, corrections and revisions," says Ordina Q&C expert Rik Van den Berghen. Ordina built a user-friendly application in Microsoft.NET core technology to store the results of the analyses quickly and put them into reports. <

Our strategy

Our strategy

Vision Ahead of change

Ordina believes that IT is the key to resolving the new, crucial challenges companies, organisations and our society are facing. Digitalisation helps organisations improve their performance, adapt more effectively to changing circumstances, and most importantly of all remain relevant to their stakeholders.

IT has become a core business, the driving force behind innovation, and it offers organisations the opportunity to stand out from the crowd. IT can also provide an answer to major issues in society, such as a more efficient public sector, sustainable food production and a cleaner environment.

So people need to be able to rely on effective and sustainable solutions. IT helps people, organisations and society to successfully keep pace with the ever more rapidly changing world, and creates added value for the long term.

This is why 'Ahead of change' is the perfect expression of our ambition to help our clients stay ahead of change, so they are prepared for the challenges the future will bring.

Mission Partnerships in sustainable innovation

Ordina helps its client innovate sustainably. This is why we invest heavily in thoroughly understanding our clients' business and apply innovative know-how and technology to stay ahead of the client's challenges.

IT projects have become comprehensive change processes. The success of technical implementation depends on the extent to which existing processes and employee roles and responsibilities are able to adapt and keep pace with the changes.

This requires an intensive form of cooperation from both clients and Ordina. But more than anything else, it demands a mindset geared towards co-creation to arrive at the best possible result together.

This is why Ordina is never far away for its clients. We have extensive know-how about the local market and related regulations and legislation, and we boost this know-how through partnerships.

Ordina 2022

> "Our primary focus is on delivering added value to our clients."

Ordina has one major ambition. In 2022, we want our clients to be able to say that they are ahead of the changes in their sector thanks to Ordina. Ahead of change. This is because all of our professionals are ahead of their field in their particular specialty, and because they work in teams to exceed our clients' expectations. And by discovering new solutions based on our five business propositions, then reproducing and scaling up those solutions. All on the basis of excellent services.

We help our clients by connecting their organisation's challenges and technology and then accelerating the process. This is how we help our clients to be more agile and adaptable. By using smart, innovative solutions and services, we create the digital edge our clients are looking for.

This also results in a healthy outlook for Ordina. It gives us a more focused profile in the market, enables us to increase the added value we deliver to our clients and makes us more attractive to our employees.

Strategic objectives

Based on our Ordina 2022 strategy, we have formulated four concrete objectives:

1. **Distinctive profile, now and in the future**
   – business propositions account for 65% of our revenues
2. **Satisfied clients due to excellent services**
   – Ordina Promotor Score (OPS) >70.0
3. **Engaged employees**
   – Ordina aims for an employee engagement score of at least 7.0
4. **Improved returns**
   – Ordina aims for an EBITDA margin of 10-12%

Distinctive profile, now and in the future

Our primary focus is on delivering added value to our clients. As a local player, we are close to our clients. Ordina professionals work at our clients every day, so they know exactly what is going on, and they offer solutions that give our clients an edge. We do this via our five business propositions, which help us stand out from our competitors.

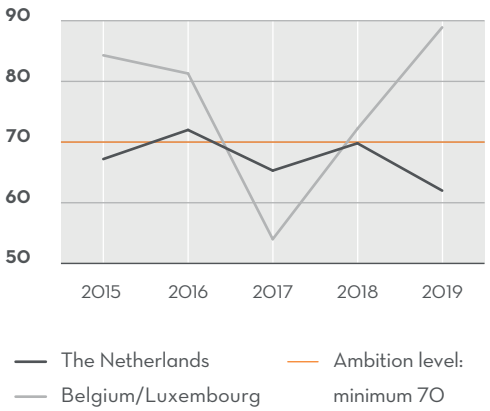
The five business propositions are: High performance teams, Intelligent data-driven organisations, Digital acceleration, Business platforms and Security & compliance. You will find a brief description of each business proposition from page 39 onwards of this annual report.

Each business propositions includes a number of solutions: specific solutions that help our clients, solutions that are both reproducible and scalable to help them meet their market challenges. With these solutions, we are taking up leading positions in niche segments.

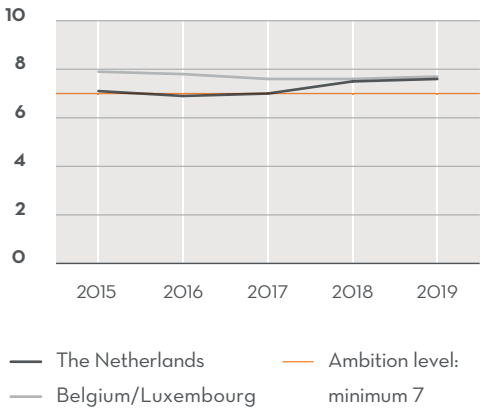
These business propositions currently account for 32% of our revenue. We want these business propositions to account for 65% of our total revenue by 2022. We will to do this by expanding and using our range of solutions to increase the added value we create for our clients.

Not only will the distinctive profile we are building with our business propositions help us increase the satisfaction of our clients and the engagement of our employees; it will also help us meet our return targets.

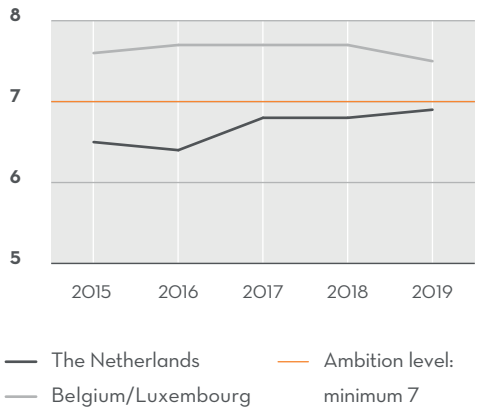
Ordina Promotor Score



Customer satisfaction index



Ordina Employee engagement



Satisfied clients due to excellent services

Our clients are critical, and their expectations of our professionals and services are increasing every year, which keeps us sharp in the quest for continuous improvement. Our focus on client satisfaction strengthens the dialogue with our clients aimed at offering excellent service levels and stimulating social relevance. You will find more information about our relevance in society in the Corporate Social Responsibility chapter of this annual report.

We are using our portfolio of solutions to develop market-specific solutions that create added value for our clients. And we make the maximum use of our own professionals. They are all ahead of the game in their profession, know our clients' business and proactively offer targeted solutions. And what is more, as a local player we are close to our clients and we know their business and the challenges they face inside out.

Ordina has several instruments to measure client satisfaction. We use the Ordina Promotor Score (OPS) to assess the extent to which clients would recommend Ordina to others. Ordina targets an OPS score higher than 7.0. The customer satisfaction index (CSI) measures the overall satisfaction of our clients in the Netherlands and Belgium/Luxembourg. In the latter survey, we also ask about potential improvements to our services, our expertise and our products. And in the follow-up to that survey, wherever necessary we draw up a plan of action for our clients and make sure we follow through on that plan.

The OPS for Ordina Benelux as a whole was 72.4 in 2019 (2018: 71.4). The OPS in the Netherlands declined to 62.0 in the year under review (2018: 69.8) and increased to 88.9 in Belgium/Luxembourg (2018: 72.2). The CSI for Ordina Benelux was 7.6 (2018: 7.6). In the Netherlands, the CSI increased slightly to 7.6 ((2018: 7.5), as did the CSI in Belgium/Luxembourg, which came in at 7.7 (2018: 7.6).

We are very proud that our clients expressed their satisfaction with our services. An OPS of 62 is a good score, but there is still room for improvement. This is why we are planning to investigate the decline in the OPS in the Netherlands and draw up improvement plans where necessary. We believe the score was partly influenced by a change in the survey method, from personal interviews in previous years to telephone interviews in 2019.

Engaged employees

Our employees are the primary assets of our organisation. The continued development and sustainable employability of the professionals who work at Ordina is vital to our continued growth, which is why training and development are so important. We offer our employees training on the job and coaching by their managers.

Our core values

Our core values tell the world what makes us special and how we do things. They are directly linked to Ordina 2022 and are part of the continuous dialogue that involves every single Ordina professional and regular conversations between our professionals and their managers.

We discover

From professionalism to being ahead in your field. We are curious and we are open to new developments.

This helps us to identify opportunities and threats and find out what they mean. Every single day, we discover how to use our talent optimally, and how we can continue to develop our professional skills.

So we can be ahead in our field and proactively help our clients stay 'Ahead of change'.

We connect

From working together to accepting responsibility for the result. We are open-minded, inclusive and enterprising.

This helps us make connections and build relationships. Based on the cooperation in High performance teams, Ordina accepts responsibility for the result.

Proactively connecting inside with outside and vice versa. To realise the optimum result. Win-win situations with the best possible result for every stakeholder.

We accelerate

From knowing our clients to providing them with a digital edge. We focus on clients and strive for quality.

This helps us look ahead and help our clients to accelerate. To proactively develop the best solutions for clients based on our business propositions.

Ambitious solutions that make a real difference, that truly help clients to develop a digital edge.

Ordina also offers are wide range of training programmes via the Ordina Academy. These programmes give our professionals the opportunity to increase and broaden their knowledge and their expertise. On top of this, we offer specific training courses for Ordina 2022, so both managers and employees can develop their skills and the appropriate behaviour. And of course, we also devote attention to the vitality and well-being of all our employees.

Our portfolio allows us to offer our professionals exciting client assignments, in which they work in multi-disciplinary High performance teams on projects with a steep learning curve.

Ordina wants to realise an employee engagement score of at least 7.0 in our employee engagement survey. With this in mind, in the second half of 2019, Ordina started carrying out multiple Pulse measurements each year. These measurements include a number of fixed questions and team-specific questions, which will enable us to respond more effectively to the results. The Pulse

measurement taken in October 2019 showed that the engagement score had remained high, with a score of 7.1 for Ordina as a whole. Many Ordina employees shared their feedback, and the overall response rate was 77.4%. In the Netherlands, the score went up to 6.9, from 6.8. In Belgium/Luxembourg, the score declined to 7.5, from 7.7.

These Pulse results show that pride in Ordina is increasing and that employees feel increasingly appreciated. The number of employees who want to continue to work for Ordina is also on the rise.

Ordina needs a greater inflow of new talents to stimulate growth with our own professionals. To this end, Ordina has focused on a number of efforts, including powerful labour market campaigns. In the Netherlands, we have 'Stay ahead of change. Start at Ordina', and in Belgium/Luxembourg we have 'Accelerate at Ordina'. Both of these campaigns include stories and images of our own Ordina professionals. In 2019, 558 new colleagues started work at Ordina.

Improved returns

Ordina is targeting an EBITDA margin of 10-12% to safeguard the continuity of the organisation. Up until 2019, our target EBITDA margin was 7-9%. We have now raised this target due to the fact that the application of IFRS 16 'Leases' has a significant impact on Ordina's EBITDA and EBITDA margin. In 2019, Ordina recorded an EBITDA margin of 9.9%. The EBITDA margin excluding the application of IFRS 16 (for comparison purposes) came in at 6.7% in 2019 (2018: 5.2%).

We will achieve our targeted return by continuing to improve our revenue mix, using our portfolio to record growth with our clients via our business propositions and solutions. As part of this drive, we will maximise the deployment of our own professionals, who will team up both with each other and with our clients.

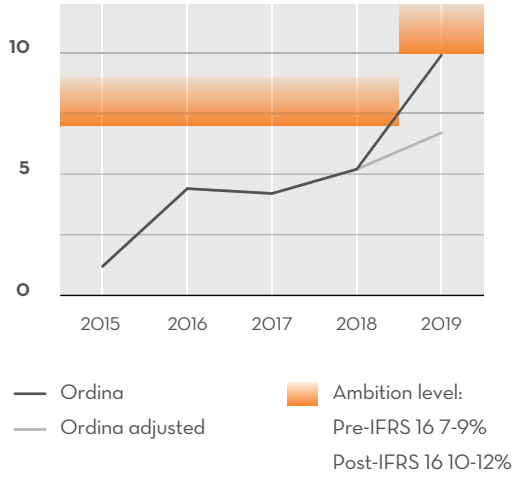
We are aiming for a balanced cost structure with low overheads and optimum productivity. Productivity was 69.3% in 2019 (2018: 68.6%).

And of course we will have to have our own operation in order. This is why we are targeting a balanced cost structure with a low overhead and all of our professionals deployed on exciting client assignments. Our productivity was slightly higher at 69.3% in 2019 (2018: 68.6%).

The four strategic targets go hand in hand with a number of sustainability targets we have committed to. These targets and the results are described in the 'Corporate Social Responsibility' chapter.

Result - EBITDA margin

In %



The five business propositions

Ordina works on the changes of today and tomorrow. We help our clients by making the connection between innovative technology and the challenges they face in their sector. We do this with the aid of five future-focused themes, our business propositions.

Ordina's five business propositions are our response to major trends and developments in the market and are in line with our strategy to pool our expertise, based on tried and tested solutions and on innovations from across the full breadth of our company, to form powerful teams that get things done.

High performance teams

Our High performance teams are multi-disciplinary teams put together on the basis of a proven approach to realise clients' objectives.
These teams enable us to help an organisation accelerate their client value creation immediately. We do this by developing digital solutions, raising the quality of IT applications or optimising processes.
The teams manage to achieve their objectives quickly, because our professionals are perfectly attuned to each other, coach each other and work together effectively. These teams also ensure that we continue to develop a sustainable workforce, with the talent, competencies and skills we need to maintain our leadership in the market.

As a result, these teams develop very quickly and team performance is constantly improving. Our approach is as follows:

- **Create:** We put together and kick-start a multi-disciplinary team with complementary profiles, geared to the client's objectives.
- **Facilitate:** We support the team with a coach, technology experts and best practices, which enables the team to develop continuously in terms of performance and transparency.
- **Orchestrate:** To safeguard the performance development of the team, we provide advice and implement strategic portfolio and capacity management, new technologies and anything else that is needed around the team.

Intelligent data-driven organisations

Data is the key to success in a digital transition. It is the driving force behind innovation and determines an organisation's differentiating potential. Organisations that fail to make smart use of the power of data run a considerable risk of losing their clients, being overtaken by the competition or replaced by newcomers with low-threshold digital solutions.

An intelligent and data-driven organisation can actively multiply knowledge from within the organisation using data-based knowledge. The ability to use smart methods to deploy this data-enriched knowledge across all layers and operating processes of the organisation makes an organisation adaptable and capable of excelling in an increasingly digitalised world. This improves their performance and keeps them relevant.

To create an intelligent data-driven organisation, we make use of a range of professional fields, such as data science, GEO-ICT and Supply Chain Optimisation.

Ordina has developed a proven method to help clients develop into intelligent data-driven organisations. The Ordina Data Journey has five phases, and we take the client through these phases via a number of workshops:

- taking stock of what is needed,
- outlining initiatives
- working out the roadmap
- putting together a High performance team
- the execution of the ambition

Digital acceleration

Being ahead of change through smart transformation across the axis of business, people and technology. That is the core of digital acceleration. Ordina helps design our clients' digital and business transformation. Of course we look at the business and technology sides, but we also consider what all of this means at a human level. Our services include building websites, webshops and apps, but we also assess the best way for a company to develop their digital strategy and expand their services.

We use the following steps to realise this digital acceleration.

- **Value discovery:** We use our value discovery approach to work from a minimum viable context (MVC) at operational, tactical and strategic level, with the aim of developing the ideal combination of business processes, human aspects and technology for delivering added value for the client. We work on the basis of Design Thinking principles.
- **Digitale acceleration teams** We subsequently deploy digital acceleration teams. With these multi-disciplinary High performance teams, we can use the MVC to quickly move towards the execution of prototypes, minimum viable experiences and minimum viable products, and then rapidly scale up.
- **Activation:** We call the final step sustainable activation. Successful execution depends entirely on broad ownership and enthusiastic users. Involving all stakeholders in the plans from the start and ensuring that there is broad-based support for the digital acceleration plans is the key to success.

Business platforms

Business platforms are crucial to organisations. A business platform is constantly developing and requires constant adjustments to maintain high levels of performance, effectiveness and user satisfaction. Whether the business platform takes the shape of a complicated tailor-made application or a digital working environment: they have to be available at all times. We use four strategies to make this happen.

- **Simplify:** The strategy of renewing and simplifying business platforms. We look at rationalisation and simplification of the business platforms and do our utmost to make sure platforms are robust, flexible and future-proof.
- **Surround:** The strategy aimed at increasing the flexibility and productivity of business platforms by developing rapidly using low-code, applying smart technologies such as Robotic Process Automation and using application programming interfaces (APIs) to facilitate integration. We pave the way for acceleration and build client-specific solutions that ensure our clients stand out in their markets.
- **Innovate:** This strategy builds a bridge between existing business platforms and new technologies, such as the cloud, link-ups to the Internet of Things environments and the use of artificial intelligence. We rapidly create added value by making innovations immediately applicable.
- **Partner:** Our extensive know-how of (tailor-made) applications and development methods make Ordina the partner par excellence for business platforms. We enable our clients to focus on their core business throughout the entire life of a project, from building via implementation to continued development and management.

Cybersecurity & compliance

Growing security risks combined with strict laws and regulations require a proactive and continuous approach to security & compliance issues. In addition to safeguarding quality and continuity, the protection of valuable information, client data and personal data are a crucial part of every organisation's strategy. Thanks to our integrated approach based on our TOP model and solutions, our clients are demonstrably in control and can comply with all prevailing laws and regulations. Our TOP model includes the following aspects:

- **Technology:** The robustness of their IT landscapes and networks is a fundamental factor for companies when it comes to providing their customers with optimal service levels and enabling their employees to work anytime and anywhere. This is why our initial focus is on identifying threats and vulnerabilities. We then use this knowledge to implement the correct preventative, detection and corrective measures.
- **Organisation:** The operating methods of any organisation must be open to scrutiny by regulatory bodies. This is why we use our measures to ensure that, thanks to an integrated approach, our client is demonstrably in control and in compliance with prevailing laws and regulations.
- **Person:** Data leaks, privacy violations or cases of identity fraud are often the result of employees failing to act securely, either consciously or unconsciously. So we create clear security frameworks and then encourage the client in positive ways to act in a secure and permissible manner.

> "We offer our professionals exciting assignments for large clients who make a difference in society."

Marten de Jager

Value creation model

Vision and Mission

Ahead of change

Creating sustainable innovation together

Go to market strategy

Markets

- Financial services
- Public sector
- Industry
- Healthcare

Business propositions

- High performance teams
- Intelligent data-driven organisations
- Digital acceleration
- Business platforms
- Cybersecurity & compliance

Stakeholders

Employees

Costumers

Suppliers

Shareholders

Materiality (themes)

Professionals and society

Customers and innovation

Environment and resources

Profitability

Input

- Professionalism
- Costumer knowledge
- Compassionate
- Financial

Core activities

- Devising, building and managing technologial applications

Output

Turnover in:

- Professional Services
- Business propositions and Ordina solutions

Strategic and sustainability goals

- High employee engagement
- Inclusiveness
- Sustainable employability

- Distinctive profile, now and in the future
- Excellent services
- Innovation and digital transformation

- Reduce CO_2 footprint

- Improvement in profitability
- Growth

KPIs

- Employee engagement score
- Degree of participation in training

- Ordina Promoter Score
- Turnover business propositions
- 'Ahead of change'-projects

- CO_2 emissions per FTE
- Energy / workstation

- EBITDA margin
- Productivity

SDG

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

13 CLIMATE ACTION

The value creation model

Ordina's value creation model shows how we create value for the economy, the environment and society as a whole, through our vision, mission and strategy. We are engaged in a continuous and constructive dialogue with all 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.

To arrive at this value creation model and define it in more detail, we discussed our vision, mission and strategy as described in this report with our key stakeholders. We used the results of these conversations to outline the most important material aspects and recorded these in our materiality matrix. We explain the materiality matrix in more detail in the Corporate Social Responsibility chapter.

Based on these material aspects, we have selected four themes:

- Returns
- Professionals and society
- Clients and Innovation
- Environment and resources.

Together, these themes form the heart of Ordina's sustainability strategy. The subjects included in our sustainability strategy are a combination of Ordina's strategic objectives and more in-depth objectives, such as those the fields of HR (sustainable employability) and climate (CO_2 emissions).

We create concrete output through our core activities. This output translates into the measured revenue divided across our business propositions and professional services. In addition to revenue, we also measure other KPIs that play a part in gaining insight into the progress of our strategy. You can find the results we have recorded in terms of these KPIs in the chapters About Ordina (page 12), Our Strategy (page 34) and Corporate Social Responsibility (page 55).

The value we create for the long term also contributes to various United Nations Sustainable Development Goals (SDGs):

	SDG	Ordina's contribution
	SDG 8 'Decent work and economic growth: promote sustained and inclusive and sustainable economic growth, full and productive employment and decent work for all.	Ordina wants to record growth organically as a 'local for local' player, and we want to grow with our own employees who are highly engaged and like working at Ordina.
	SDG 9 'Industry, innovation and infrastructure': build a resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation'.	Increasing revenue from our business propositions, with robust and innovative Ordina solutions that truly help clients get ahead of change.
	SDG 13 'Climate action': take urgent action to combat climate change and its impact.	Improve the quality of life and the world around us by reducing CO_2 emissions.

Financial results

In 2019, Ordina's revenue came in 3.8% higher at EUR 372.3 million (2018: EUR 358.5 million). Revenue in the public sector rose by 6.6% to EUR 145.9 million (2018: EUR 136.9 million). This revenue growth was driven by an increase in the number of High performance teams and more revenue from the Business platforms business proposition. Revenue from the financial services sector came in 3.2% higher at EUR 105.4 million (2018: EUR 102.1 million). The number of High performance teams also increased strongly in this market and our Intelligent data-driven organisations business proposition is proving successful in this sector. Revenue in the industry sector declined in 2019, by 1.1% to EUR 96.2 million (2018: EUR 97.3 million). This decline was due to lower revenue in the Netherlands. We recorded growth in Belgium/Luxembourg, largely driven by projects based on our Intelligent data-driven organisations and Business platforms business propositions. Revenue in the healthcare sector increased by 11.2% to EUR 24.8 million (2018: EUR 22.3 million). This growth was realised on the back of a successful expansion of our client base in the pharmaceutical sector in Belgium/Luxembourg.

In 2019, revenue in the Netherlands came in 0.9% higher, at EUR 258.7 million (2018: EUR 256.4 million). Revenue in Belgium/Luxembourg came in at EUR 113.6 million, an increase of 11.3% (2018: 102.1 million).

In 2019, EBITDA (including redundancy costs) was EUR 36.7 million and the EBITDA margin came in at 9.9%. Adjusted EBITDA (excluding the application of IFRS 16, for comparison purposes) was EUR 265.1 million (2018: EUR 18.7 million). The adjusted EBITDA margin was 6.7% (2018: 5.2%). We recorded redundancy costs of EUR 2.2 million in 2019 (2018: EUR 2.5 million).

EBITDA in the Netherlands came in at EUR 20.1 million and the EBITDA margin was 7.8%. Adjusted EBITDA (excluding the application of IFRS 16, for comparison purposes) was EUR 12.1 million (2018: EUR 6.5 million). The adjusted EBITDA margin was 4.7% (2018: 2.5%). The Netherlands had one extra

Revenue per segment

In thousands of euros and %	**2019**	2018	Development in 2019 compared to 2018
The Netherlands	258,651	256,423	0.9%
Belgium/Luxembourg	113,608	102,099	11.3%
Total	**372,259**	**358,522**	**3.8%**

EBITDA per segment

In thousands of euros and %	**2019**	**2019**	**2019 restated[1]**	**2019 restated[1]**	2018	2018[1]
The Netherlands	20,051	7.8%	12,076	4.7%	6,512	2.5%
Belgium/Luxembourg	16,635	14.6%	12,980	11.4%	12,149	11.9%
Total	**36,686**	**9.9%**	**25,056**	**6.7%**	**18.661**	**5.2%**

Revenue per market segment

In thousands of euros and %	**2019**	2018[1]	Development in 2019 compared to 2018[2]
Public	145,906	136,865	6.6%
Finance	105,376	102,111	3.2%
Industry	96,226	97,278	-1.1%
Healthcare	24,751	22,268	11.2%
Total	**372,259**	**358,522**	**3.8%**

1 *2019 are adjusted (for comparison purposes) without the application of IFRS 16 'Lease accounting'.*

2 *2018 numbers are adjusted for the reclassification of a number of clients..*

working day in 2019 (2019: 255; 2018: 254). The impact of one working day for the Netherlands is around EUR 0.9 million in revenue and around EUR 0.7 million in EBITDA. The improvement of the profitability in the Netherlands in 2019 was due to higher productivity, improved revenue mix and higher rates.

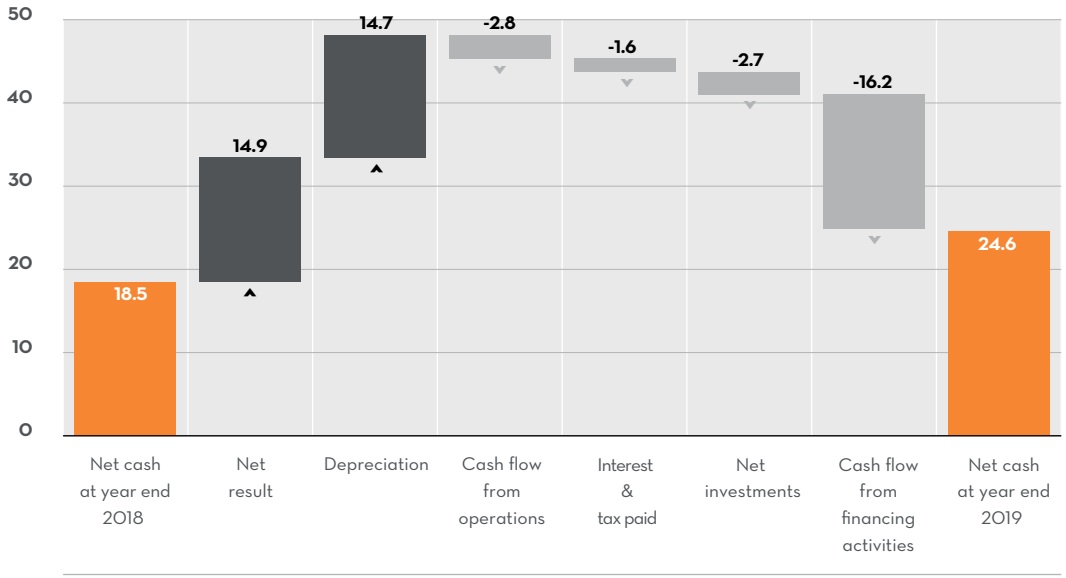
EBITDA (including redundancy costs) in Belgium/Luxembourg was EUR 16.6 million in 2019 and the EBITDA margin came in at 14.6%. Adjusted EBITDA (excluding the application of IFRS 16, for comparison purposes) was EUR 13.0 million (2018: 12.1 million). The adjusted EBITDA margin was 11.4% (2018: 11.9%). In Belgium/Luxembourg, the number of working days was 251, unchanged from 2018. Belgium/Luxembourg once again recorded a strong performance.
The growth in revenue and the high return were the result of a growing number of professionals and high productivity levels.

Net profit came in at EUR 14.9 million in 2019 (EUR 2018: 6.9 million). In both 2018 and 2019, net profit was affected by an impairment of the deferred tax assets as a result of the changes in the corporate income tax rate for future years. This had a negative impact of EUR 2.2 million in 2018 and a positive impact of around EUR 1.1 million in 2019.

At year-end 2019, we conducted the annual impairment test, which did not result in any impairment. We also reviewed the valuation of our deferred tax assets. The Financial Statements provide more detailed information on the impairment test (note 8.5) and the deferred tax assets (note 12).

Net cash development full year 2019

Rounded in millions of euros



Cashflow

At year-end 2019, Ordina had a net cash position of EUR 24.6 million (year-end 2018: EUR 18.5 million). This improvement in the cash position was largely driven by the positive cash flow from operating activities. This came in at EUR 33.8 million in 2019 (2018: EUR 16.8 million), on the back of improved results and strict working capital management.

In July 2019, Ordina arranged an extension of its EUR-30 million financing facility of on improved terms. The financing facility has a term of five years, with an initial term of three years and an option to extend twice by one year. You will find additional details in note 16 of the financial statements.

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 www.ordina.nl, and 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

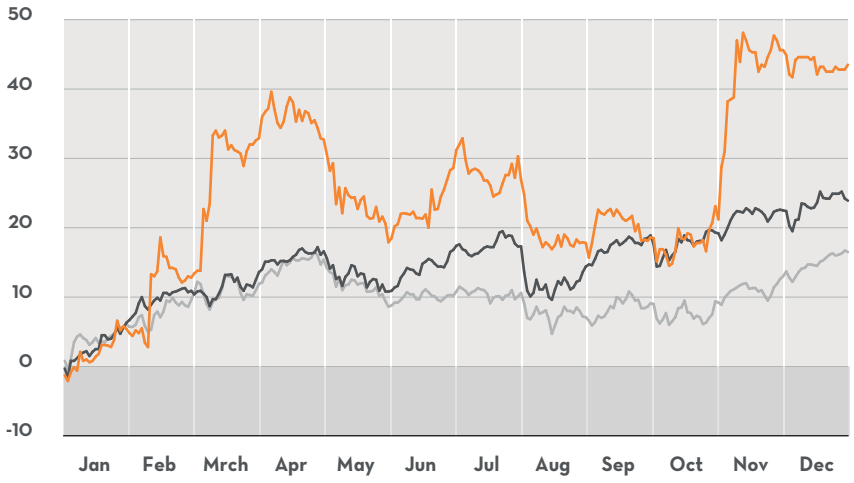
All outstanding ordinary shares in Ordina N.V. are listed on the Euronext Amsterdam stock exchange. Ordina N.V. shares are traded on the Small Cap Index (AScX) of Euronext Amsterdam.

Share capital

The total number of outstanding shares stood at around 93.3 million shares at year-end 2019. At year-end 2019, there were no outstanding preference shares and there was one outstanding priority share. No new shares were issued in 2019. We refer you to page 92 of the chapter 'Provisions of the Articles of Association' for an explanation of how this priority share works.

Share Price Development 2019

Change in % compared to December 31, 2018



	31 dec 2018	31 dec 2019	
Ordina	1.418	2.035	+43.5%
AEX	487.88	604.58	+23.9%
AScX	883.26	1,029.20	+16.5%

Results per share *(In euros)*	2015	2016	2017	2018	**2019**
Per-share information					
Equity	1,53	1,58	1,58	1,64	1,75
Cash flow from operations	0,03	0,06	0,21	0,18	0,36
Net earnings per share	-0,03	0,05	0,03	0,07	0,16
Net earnings per share fully diluted	-0,03	0,05	0,03	0,07	0,16

Voting rights

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

Share price development

The Ordina share price rose by 43.5% in the course of 2019 (2018: decline of 8.9%). Ordina shares were trading at a price of EUR 2.035 on 31 December 2019 (year-end 2018: EUR 1.418). The Small Cap Index closed the year 16.5% higher than at the end of 2018.

The volume of Ordina shares traded in 2019 came in at an average of 224,211 shares per day (2018: 363,257).

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 2019):

- 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 (Autoriteit Financiële Markten)

Shareholdings members of the Management Board at year-end 2019

Jo Maes: 98,579 shares
Annemieke den Otter: 41,055 shares

Shareholdings members of the Supervisory Board at year-end 2019

Jan Niessen: 14,425,967 shares
(held via Mont Cervin Sàrl) .
Dirk Anbeek: 35,000 shares

AGM

The General Meeting (AGM) took place on 4 April 2019. For an overview of resolutions adopted, please see the minutes of the meeting on the Ordina website.

Dividend policy

Ordina has a transparent dividend policy. Depending on the estimated scope of the (existing and/or expected) cash position, Ordina pays out between 40% and 60% of the net profit in a reporting year as dividend, based on the premise that the company's healthy balance sheet ratio remains secured and on the following conditions:

- a solvency ratio of at least 35% in the year under review;
- a historical net debt/adjusted EBITDA ratio of less than 1.25 in Q3 and Q4;
- the future net debt/adjusted EBITDA ratio in Q1 and Q2 is less than 1.25 (after dividend payment).

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.

Financial calendar

2 April 2020	Annual General Meeting
23 April 2020	Trading update Q1
30 July 2020	Publication interim results 2020
29 October 2020	Trading update Q3
18 February 2021	Publication full year results 2020
1 April 2021	Annual General Meeting

Rik Bakker, Roy Pastoor and Francoise Dasbach

Our people

Creating added value for clients in teams

Interview with HR Director Wendy Aendekerk about Ordina 2022

We can only help our clients to get ahead of change in their sector if we employ the best people. This requires a business approach and smart Ordina professionals who recommend and provide targeted solutions for our clients. Our people must be trendsetters in their field and create added value for the client in teams. This is an interesting challenge for HR director Wendy Aendekerk, who joined Ordina in April 2019. Aendekerk places her task firmly in the context of Ordina 2022: "All our colleagues are on the right track to achieve our strategic objectives."

Our DNA

Aendekerk believes joining forces to add value for our clients cuts both ways: "You are improving your outlook for the future as a company and at the same time are making Ordina more attractive for both current and future colleagues, because they can learn more from each other and are more satisfied in their work." But this does not mean Ordina has to change radically. "We remain who we are. After all, our professionalism and our services are getting excellent marks from our clients. They are part of our DNA and we cherish that. Right now, we are focused on broadening the company: by working in teams and accelerating, by being and remaining curious, and by putting the challenges our clients face even more at

the forefront of everything we do. That is a different way of positioning your profession in the market."

Aendekerk says the word 'together' is important in this respect. "You can work as a professional on an important client contract to your full satisfaction. But the only way to add new value for that client is by working together in a team. And that new value is exactly what clients are looking for."

Dialogue

Together with the HR team, Aendekerk is investing heavily in all Ordina colleagues. The end-goal gives her a firm target and she is well on track: "In early 2019, our Management Board used a series of interactive sessions, the College Tour, to take all our colleagues along the road to 2022. The HR team then kicked off conversations with our colleagues. This was an open and continuous dialogue, which meant that there was a lot of two-way traffic in terms of contacts and in communications. I truly believe we have to do this together." Aendekerk pulls out an impressive list of demands; demands that the business, processes and solutions for clients will ultimately have to meet. "Of course, not everything has to happen overnight. We are looking closely at what our people need to get to that point."

Engagement

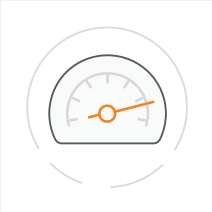
In 2019, we decided to increase the frequency of the Pulse surveys from once a year to at least twice a year. The Pulse survey conducted in October 2019 shows that overall engagement remains at a solid level at Ordina, despite the shortage of IT professionals on the labour market. "We scored 7.1, which was the same as in 2018 (7.1)."

Development and education

In the meantime, it is still important for all our colleagues continue with their professional and personal development. They do this via training on the job and coaching from their manager. Ordina also offers training programmes at the Ordina Academy in the Netherlands, Belgium and Luxembourg, and these are all obviously geared to 'Ordina 2022'. For instance, in 2019, we developed the Ahead of Change Learning kit. And Ordina professionals in all three countries took part in three types of development programme in 2019. These were training courses specific to their profession, a programme that targeted one of the five business propositions and a programme for personal development. Ordina also has specific talent development programmes in three domains, aligned with Ordina 2022: Talent Accelerator, Commercial Accelerator and Leadership Accelerator. This last one will go live in 2020.

Accelerate together

Ordina 2022 demands proactive employees who add value for the client in teams.



Our core values indicate why and how we do things: discover, connect and accelerate. The HR strategy provides managers and employees with the support they need to continuously develop that attitude and the associated skills. The HR ambition adds focus to this: 'In 2022, we are the best employer, one that ensures that Ordina employees can achieve their full potential. For both the client and for Ordina.'

HR has defined six objectives that its uses to measure progress:

1. A shared goal that provides a basis for employees to forge a valuable connection with Ordina.
2. A strong employer brand in the labour market, which helps the company to recruit new employees and inspires pride in existing employees.
3. A relevant employee journey at Ordina, which makes employees feel that they matter.
4. A state-of-the-art learning environment, so Ordina employees can stay ahead of change and are able to accelerate.
5. A competitive remuneration package that inspires employees to book the best possible results for Ordina and our clients.
6. An inclusive and vital working environment, in which employee are happy in their work.

A head start

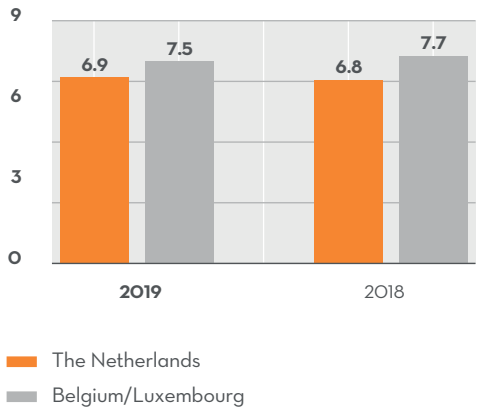
The labour market for IT talents is very tight, especially when it comes to software developers, so that is a challenge, says Aendekerk: "We are a large, independent IT company with strong roots in the Benelux. We are offering our professionals exciting work at large clients that play a truly significant role in society. We are good at developing professionals on the job and we are active in numerous different sectors. That kind of know-how and expertise always gives you a head start. People really want to work for a company that is Ahead of change. And thanks to the opportunities we offer, they do not want to leave."

Name recognition

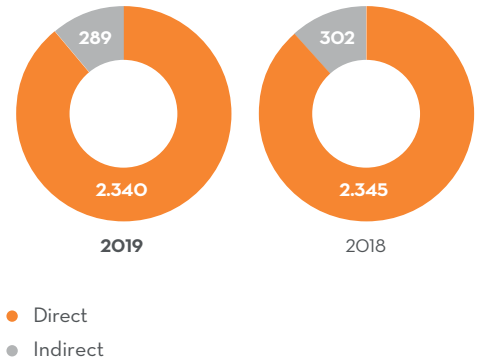
Ordina's visibility remains important, which is why we launched a labour market campaign in 2019, under the header 'Stay ahead of change. Start at Ordina' to further boost the attractiveness of Ordina as an employer. The campaign featured our own people, which is what we like to see. At the same time, Ordina wants to attract the right talents, who are a good fit with Ordina 2022. Part of the campaign was a striking banner on the head office in Nieuwegein, which was very visible from the A12 motorway, with the slogan: 'Stand still today. Accelerate at Ordina tomorrow'.

Ordina professionals know more than anyone how exciting the work at Ordina is, says Aendekerk. "They are our ambassadors as the faces of our campaign, but they are also ambassadors in their day-to-day work. And we are making good use of that, such as through our nomination programme. Our research shows that a considerable number of our new professionals come from our colleagues' own networks."

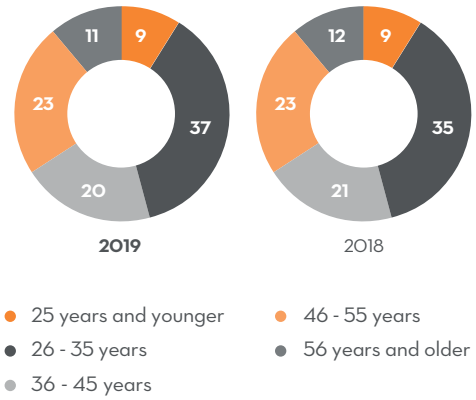
Employee engagement score



Number of employees (at year end)
In FTE's



Age composition
In %



Communities

Ordina has a number of very active communities. These internal networks, such as Young Ordina, Jtech, Women@ordina, Agile Coaching Gilde, Oracle Community and Proud of Ordina, ensure that everyone finds their spot at Ordina. They promote exchanges of know-how, connections and provide meeting places for like-minded people.

Aendekerk: “That internal engagement is strong. I see that as very positive. Particularly since our colleagues frequently work outside our own offices at client locations. And that means we do a lot in that area. We do this through communities, but last year we also organised an Ordina party for all our Dutch colleagues for the first time in a while, to celebrate a great year together.”

Commit and inspire

It’s always regrettable when good employees leave for whatever reason, says Aendekerk, which is why retaining our own talented employees is a major priority. “This means that we invest in our people and in the creation of an attractive and inclusive company culture.” Aendekerk believes it is important that managers also keep an eye out for any risks of people leaving the company. “Commitment and inspiration are fixed points of attention in talks with employees. We coach our managers in how to deal with this. We make sure our employment terms and conditions are in line with the market. This is also a matter of targeted attention. For instance, our career trajectories on the basis of ‘Ordina 2022’ offer our employees every opportunity to invest in themselves.”

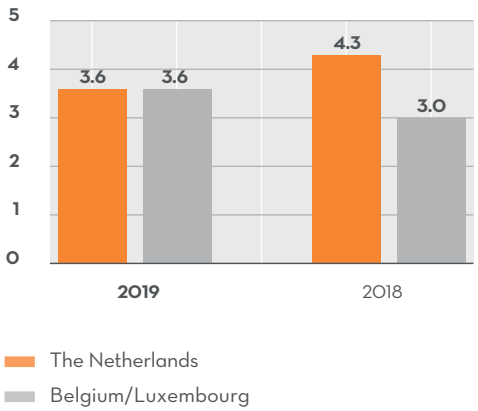
Number of employees

Last year, Ordina attracted 558 new employees in the Netherlands, Belgium and Luxembourg, including 185 young professionals and 373 medior and senior IT professionals. At the end of the year under review, Ordina had 2,428 direct employees, or 2,340 FTEs (2018: 2,428 employees, or 2,345 FTEs). “In Belgium and Luxembourgin particular, we were very successful in adding good IT professionals. Unfortunately, we were unable to record growth in the Netherlands. Recruitment was very successful, but retaining people is also a major challenge in the current labour market.”

Of the total number of employees working at Ordina at year-end 2019, 76% work on the basis of a full-time contract and 24% on the basis of a part-time contract. Temporary contracts account for 1% of all contracts, while the remaining 99% are permanent contracts. Ordina may sometimes be unable to meet a client's demands with its own employees. In those instances, we hire externals (including freelancers). These external hires carry out the same work as our own employees. The average age of our workforce was 39.7 at year-end 2019 (year-end 2018: 39.9).

Employee absenteeism rate

In %



Absenteeism

Absenteeism in the Netherlands was 3.6% in 2019 and was lower than in 2018. In Belgium, absenteeism increased slightly to 3.6%. The reduction in the Netherlands was partly thanks to the vitality programme we launched in 2019, which is focused entirely on improving resilience, ergonomics and fitness checks. Aendekerk: "If you want to be Ahead of change, you have to be fit. It's that simple. At the end of the day, you should have enough energy left over to do other things, to spend time with your family or on your hobbies for instance. We have various online programmes in the Ordina Academy that can help employees to achieve this balance. And colleagues can also use the Prevent desk to gain quick access to various healthcare providers, from physiotherapists to psychologists. In the Netherlands, we have also appointed a specialised HR Business partner Vitality."

Inclusive company culture

Teams with a diverse composition generally perform better. On our road to 2022, we consider an inclusive and diverse company culture indispensable. What this means is that Ordina employees should feel free to express their opinions and be themselves. Employees gave Ordina a 7+ score on the openness of its culture in the most recent Pulse survey. Aendekerk: "It's true, change can only be successful if everyone is included and can take part. In my opinion, that means first and foremost that you have to be an inclusive organisation. I think it is more important to achieve that than to take a top-down approach and try to impose a certain level of diversity."

Managerial top talent opt for Ordina

After completion of her business economics studies in Rotterdam, Wendy Aendekerk (45) first worked as a HR consultant and subsequently as HR manager at the Port of Rotterdam. This was followed by various HR and management positions (with software supplier UNIT4, Huisman Equipment and ERIKS). In April 2019, Wendy joined Ordina as HR Director. In September 2019, Wendy was nominated for the 'MT Next Leadership 50', the ultimate list for managerial top talents in the Netherlands.

The Works Council

The Netherlands

The Works Council is an advisory body for the Management Board and consists of Ordina employees. The cooperation between the Works Council and Management Board was constructive in 2019.

The programmes taken up by the management and Works Council were in line with the Ordina 2022 strategy.

The Works Council supported the management in its redesign of the HR organisation, readying the department to facilitate the changes resulting from the new strategy. Ordina ran a pilot for a new job qualification system, in which HR, Commerce and the Works Council worked closely together. The Works Council was also involved in the selection of a new partner for the execution of Ordina's HR processes.

The Works Council attached its positive recommendation to the extension of the financing agreement. Ordina closed this agreement at improved terms in 2019.

The preparations for the Works Council elections due to be held in March 2020 are also part of the Works Council's agenda.

Belgium

The Works Council and the Safety and Prevention Committee 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 aspects.

The cooperation between the Works Council and the committee is constructive, with attention devoted to the interests of employees, employer and shareholders. The meetings in 2019 were conducted in an open and constructive atmosphere.

The agenda of the monthly Works Council meetings include a number of recurring items, such as the follow-up on Ordina's results and the availability figures. Other subjects that were discussed in 2019 included the renewal of the collective labour agreement CAO 90, the follow-up on the retention of employees, the introduction of a new tool for hour registration and holiday applications, and the results of the Pulse survey among all employees in October 2019.

The Safety and Prevention Committee also has a number of recurring items on the agenda of its monthly meetings, such as the results of the Satisfaction barometer among our employees and the follow-up on long-term absenteeism. Specific subjects that the Committee discussed in 2019 included the results of a survey into ergonomic aspects. And our external Prevention department and the Committee also conducted an evaluation of burn-out prevention measures.

In May 2020, there will be so-called social elections for the renewal of the employee representatives.

Events

In June 2019, the head office in Nieuwegein was the stage for the fourth edition of the successful annual Code & Comedy event. Around 250 software developers came to last year's sparkling event, this time on the theme of gaming. Mark Heckler from Pivotal Software and Hans Bos from Microsoft were the keynote speakers at the event. Last year's event also included inspiring break-out sessions about subjects such as Docker and Google's open source framework Flutter. And of course Code & Comedy once again ended with a funny wrap-up by the Comedy Train.

Ordina recruiters are present at all the career and job events that matter. For instance, Ordina attended the National Career Days event in the Werkspoor cathedral in Utrecht in November 2019.

Ordina also has a campus recruitment department for the recruitment of young professionals for Ordina. By working with student associations, vocational colleges and universities, the recruiters come into regular contact with IT students to motivate them for a career at Ordina.

Corporate Social Responsibility

Long-term value creation across the entire chain

Sustainable operations are part of Ordina's DNA. This determines how we do business and how we deal with our stakeholders. We use a broad definition of sustainability: it means adding as much value as possible for all our stakeholders, whether that pertains to our own operating activities or elsewhere in the value chain. It means we do our utmost to improve our performance in areas where we, as a company, have a significant social or environmental impact.

Tightening the focus of our ambitions

Because we want to improve on a constant basis, we tightened the focus of our sustainability ambitions in 2019, so that these ambitions are now better geared towards our core activities and our vision Ahead of change. We also re-evaluated these ambitions with our main stakeholders and laid them down in our Sustainability strategy 2019. This strategy plan focuses on the premises for the medium term and concrete targets for 2019. These are in turn linked to our strategic objectives to create long-term value. From 2019, we will update our sustainability strategy plan every year.

"IT provides answers to major social issues."

Ivar Reukers

Relevant

IT is the key to responding to new, crucial challenges facing companies, organisations and society as a whole, and Ordina is active in relevant fields. At the same time, IT can provide answers to major societal issues, such as the need for an efficient public sector, affordable care and a cleaner environment. However, this is on the condition that we arrive at effective and sustainable solutions that create long-term value. Our IT specialists work hard every single day to help realise these solutions. They work at public sector bodies, institutions and companies that often provide products and services that play a crucial role in society. Thanks to digitalisation, these clients perform better and remain relevant in a world that is changing ever more rapidly. And we help our clients stay ahead of change, so that they are also prepared for the challenges of the future. This promise is and remains firmly anchored in our mission: "Partnerships in sustainable innovation."

In close dialogue

We frequently raise the subject of sustainability with our various stakeholder groups. Our professionals, clients, suppliers and shareholders all have valuable input when it comes to structuring our sustainability strategy. Members of the sustainability steering group maintain a constant dialogue with these four internal and external stakeholder groups.

Materiality matrix

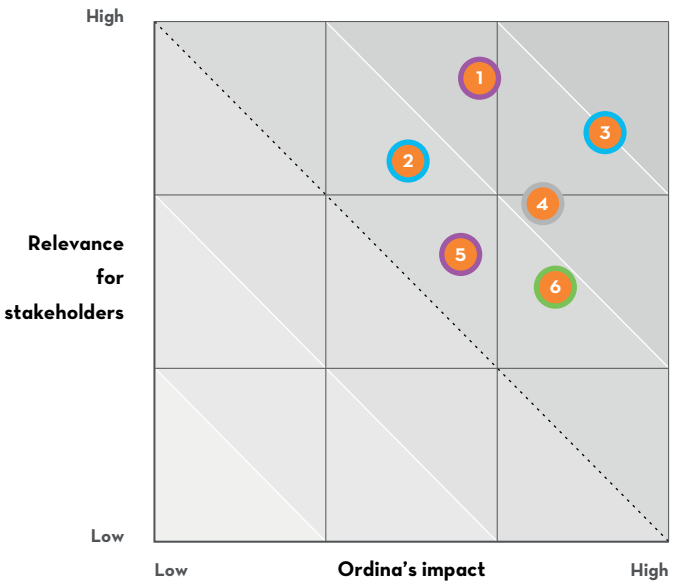
In 2019, we once again reviewed our materiality matrix, which shows our impact on society. We asked our stakeholders where they see the greatest added value for Ordina and which aspects they consider most relevant for Ordina in terms of optimising our value to society. These surveys were conducted in individual conversations with the parties involved or their account managers in the company. We did not organise a separate meeting for this purpose in 2019.

We translated the outcome of these conversations into a materiality matrix drawn up in accordance with Global Reporting Index (GRI) standards. The matrix was drawn up by the sustainability steering group and validated by our Management Board. Working on one aspect may affect the outcome of another in a less positive direction, which can result in a dilemma that in turn may require a clear choice.

> "Thanks to digitalisation, these customers perform better and remain relevant in a world that is changing ever more rapidly."

Thessa Lammerink

Materiality matrix



1 Recruitment, retention and development of talent
2 Innovation and digital transformation
3 Excellente services
4 Interest rate growth
5 Diversity and inclusiveness
6 Impact on the environment

Sustainability themes

Based on the material aspects in the materiality matrix, we have formulated four themes, which represent the core aspects of Ordina's sustainability strategy:

A. Professionals and society.

The materially important aspects in this theme are 'diversity and inclusiveness' and the 'recruitment, retention and development of talent'.

B. Clients and innovation

The materially important aspects in this theme are 'excellent services' and 'innovation and digital transformation'.

C. Environment and resources.

The materially important aspect in this theme is 'impact on the environment (direct and indirect)'.

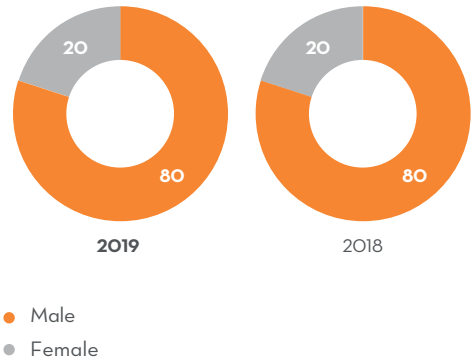
D. Return.

The materially important aspect in this theme is 'growth in return'.

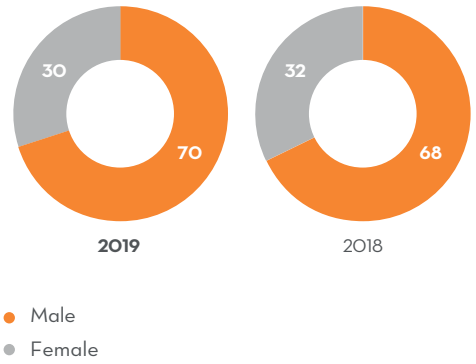
A. Professionals and society

Our professionals are the key to our success. Ordina can be relevant in society and enable its clients to be relevant in society only if our professionals have a deep understanding of their profession. This means that it is extremely important that we recruit and retain the right professionals, which we do by making sufficient investments in the development, training and vitality of our employees and by striving to be among the top 25% employers in our sector. A high appreciation score in the Pulse measurement in our employee survey is a key indicator of our success on this front. This has a positive impact on the retention of our professionals and our attractiveness in the labour market. More information on this subject is available in the chapter Our people on page 49.

Male/female ratio total
In %



Male/female ratio in managerial positions
In %



Diversity and inclusivity

Ordina wants to be an inclusive organisation where there is room for differences in the broadest sense of the word. Ordina has a number of active communities, as you can read in the Our People chapter on page 52 of this annual report. They support the exchange of know-how, connections and offer a meeting place for like-minded people.

We measure the level of inclusiveness in our company using the scores our professionals give us in the Pulse surveys. The question of whether it is possible to express diverging opinions within Ordina was given a score of 7.3 at group level in 2019 (2018: 7.3). This means that we once again realised our goal of an average score of at least 7. We also aim for a balanced division of men and women, both in the overall population and in management positions, without holding ourselves to fixed ratios in that respect.

Men are still over-represented in the IT sector, but the number of women in the sector is gradually increasing. Women account for 20% of the IT positions within Ordina, which means that we score above the national average of 16%. In 2019, Ordina once again took part in Girlsday, an initiative aimed at increasing the participation of girls and women in IT. And we also participated for free in Devoxx4Kids, which aims to inspire children aged 9 to 14 to take up programming. Around 100 kids took part in various workshops geared to their experience and age. Our software developers came up with a playful way to show how you can build websites, games and apps. Women@ordina, an active women's network within Ordina, also organised a number of network meetings in 2019.

As an inclusive organisation, we want to help people with limited access to the employment market to find work. The Dutch Participation Act encourages this and provides for extra support. The government and employers' organisations have agreed that the public and private sectors will together create 125,000 extra jobs for people with an occupational disability by 2026. Ordina also participated in pilots in this field and would like to do more. Ordina also hopes to realise a social return on investment (SROI). However, as an IT services provider, Ordina also remains dependent on the cooperation of its clients on this front.

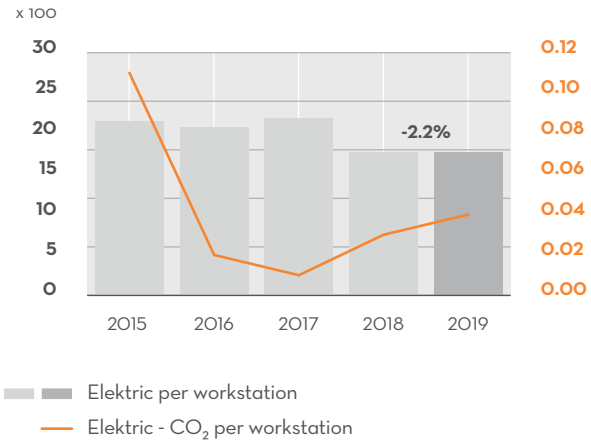
Talent recruitment, retention and development

Ordina wants its employees to be sustainably employable. We also want our employees to be full of vitality, and for their know-how and expertise to match the demands of our clients. We can arrive at this goal via the recruitment, retention and development of talent. We test this on the basis of five criteria:

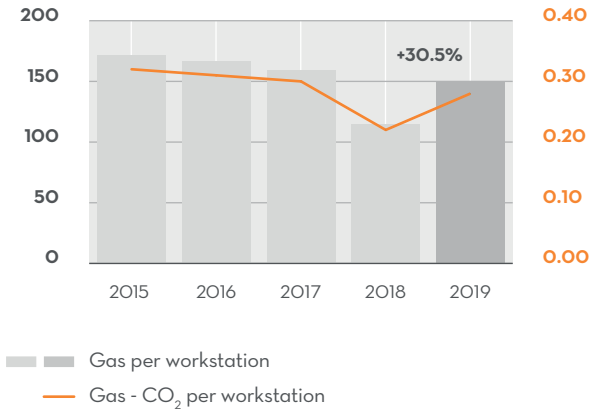
1. The growth in the average number of employees. In 2019, we realised overall growth of 31 FTEs)
2. The average rating our people give us in the Pulse survey. This was 7.1 in 2019, unchanged from 2018 (7.1).

3. The level of availability. This level was 9.8% in 2019, which constitutes a slight increase compared to 2018 (9.4%).
4. The number of Ordina employees who had taken part in at least one training course by year-end 2019. This was 84% in 2019, compared with 89% at year-end 2018.
5. The outflow of direct employees at Ordina's request should be no more than 4% per year. In 2019, this figure was 2.6% (2018: 3.1%).

Electricity consumption per workstation
In kWh/CO_2



Energy consumption gas per workstation
In m³/CO_2



B. Clients and innovation

Our clients can count on IT solutions that truly help them move ahead. Sustainable IT solutions that generate long-term value and that are created without wasting resources or people power, do what they are meant to do and have a long life. We are realising this in part due to our agile working methods, with intrinsic attention for security and privacy aspects. We use our High performance teams to deploy proven solutions and innovations from the entire breadth of our company. And our five business propositions put us in synch with key trends and developments in the market. This is how we accelerate our clients' operating processes and help them get ahead of change. We take full responsibility for the tasks we carry out, and we measure whether our clients are pleased with the results through our client satisfaction scores.

Excellent services

We measure how much clients appreciate our services using the Ordina Promotor Score (OPS). Our goal is an OPS of at least 70.0. With a score of 72.4, we achieved our goal in 2019 (2018: 71.4). In 2019, the score in the Netherlands was 62.0 and in Belgium/Luxembourg 88.9 (2018: 69.8 and 72.7).

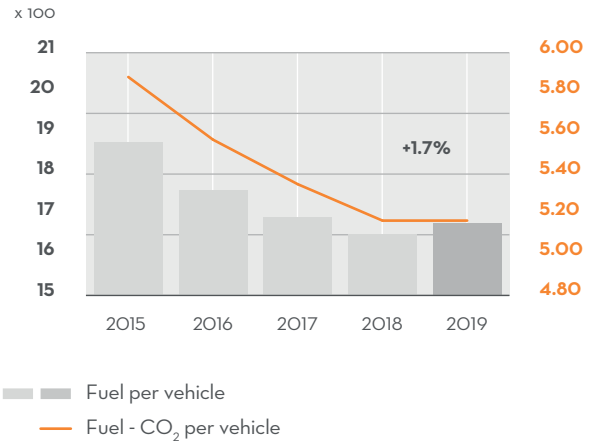
Innovation and digital transformation

In the context of Ordina 2022, we have structured our services through business propositions in such a way that our clients can achieve optimal digital acceleration with our services and thus stay ahead of change. This impact is illustrated by the projects we carry out for our clients. We have included two of these in this annual report. For instance, an High performance team from Ordina the Netherlands helped Rabobank to take fraud detection under its own management. You can read about this project on page 25. And Ordina Belgium built an e-commerce platform for car company D'Ieteren, which made online car sales both easier and quicker. You can read more about this on page 28. Ultimately, we want this impact to also show in our revenue. For instance, we want to see a significant increase in revenue from our five business propositions to 65% in 2022. In 2019, our business propositions accounted for 32% of our revenue.

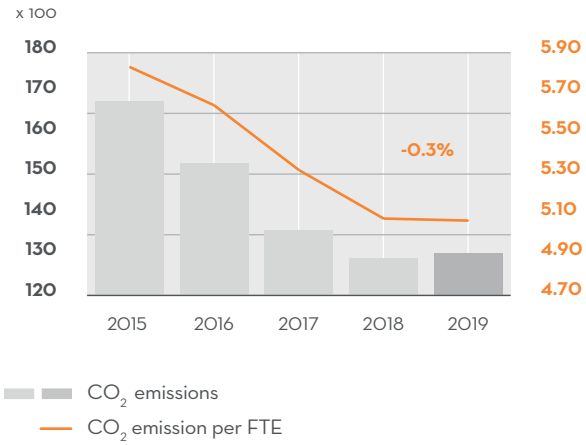
C. Environment and resources

Our mobility is a focal point in our direct environmental efforts. No less than 95% of our own CO_2 footprint is generated by our professionals frequently travelling to and from clients. In 2019, we had around 2,000 lease cars on the roads for this purpose, with around 1,200 of these in the Netherlands and around 850 in Belgium and Luxembourg. Of these, 205 were entirely electric at year-end 2019 (year-end 2018: 27). Reducing the fuel consumption of our overall fleet makes a sizeable contribution to making our operations more sustainable. The use of gas and electricity in our offices accounts for the remaining 5%. We obviously also strive to reduce this as much as possible. And finally, we use our products and services to help reduce CO_2 emissions at our clients' locations. That indirect reduction is potentially many times greater than any reduction we can achieve via our own operating processes.

Fuel and CO_2 emissions per vehicle
In litres/tonnes CO_2



CO_2 emissions (total and per FTE)
In ton CO_2



Mobility

We encourage our professionals to use alternative modes of transport and work 'smarter' and attend or hold meetings from any given location, using the appropriate technological support. For instance, we give our employees in the Netherlands the opportunity to switch to fully electric cars. We pay an allowance to encourage them to switch and we make charging points available at their homes. To make this even more attractive, we give our professionals the freedom to choose their electric car – within reason. For instance, our brand policy does not apply to electric cars. And these measures are working, as the number of fully electric cars increased by 27 to 205 last year. This means that at year-end 2019, around 18% of our fleet in the Netherlands was fully electric.

CO_2 footprint

Ordina's goal is to reduce CO_2 emissions per FTE by 8% in the period 2017-2020. In 2019, this figure came in at 0.3%. This limited reduction was due to the opening of new offices in Lummen and Ghent in Belgium and the resultant higher gas and electricity use. In the period 2017 – 2019, Ordina realised a 9.8% reduction in CO_2 emissions per FTE and effectively realised our multi-year target.

We also failed to realise the targeted reduction in gas use per work station of 2% per year. In fact, gas consumption per work station increased by 30.5%. The new premises in Belgium are gas-heated, and gas consumption in the Netherlands also increased.

In 2019, we did manage to record a reduction of electricity use per work station of -2.2%, which means that we realised the target of -2% per work station. We realised this target despite the two new offices in Belgium, as we reduced electricity use in the Netherlands. CO_2 emissions from electricity use did increase in 2019, as we used more so-called grey electricity in Belgium.

We did not meet our target of a 2% fuel consumption reduction in litres per car in 2019, as fuel consumption increased by 1.7% per car. However, the CO_2 emissions per car did not increase last year. It is important to note that this measurement is carried out specifically on fuel-driven cars, while fully electric cars are not included. In the overall number of fuel cars, the number of petrol cars increased vis-à-vis the number of diesel cars. This resulted in an increase in the number of litres, but this did not increase CO_2 emissions. Petrol cars generally use more litres of fuel than diesel cars, but these also emit less CO_2

D. Returns

We have added Ordina's returns as a separate theme, because growth in returns is important to the future-proofing and continuity of the company. Our target is an EBITDA margin of 10-12% in 2022 to safeguard the continuity of the company. We failed to meet this target in recent years, which prompted our stakeholders to designate this aspect as of material importance. The returns target and the results booked in 2019 are explained in more detail in the Strategy and Financial results chapters.

Goals and results visualised

Our sustainability plan includes both annual targets for 2019 and long-term targets. Finally, we consider a number of our material aspects to be important, but have not set specific targets for these aspects. This is shown in the table below.

Theme	Material importance	Target	**Result 2019**
Professionals and society	Diversity and inclusiveness	Pulse measurement in terms of inclusiveness: > 7	7.3
		Division men/women: no specific target	80/20
	Talent recruitment, retention and development	Recruitment and retention: • Growth: no specific recruitment or turnover target • Employee survey as a whole: > 7	Average # of employees (FTEs): +31 7.1
		Availability: < 10%	9.8%
		Participation degree training courses: > 80%	84%
		Employees leaving the company at Ordina's request: < 4%	2.6%
Clients and innovation	Excellent services	Ordina Promotor Score (OPS): > 70	72.4
	Innovation and digital transformation	At least two examples of client project with 'Ahead of change' impact in Ordina Annual report	HP team Fraud Rabobank E-commerce platform D'Ieteren.
		Revenue from business propositions to 65% of revenue in 2022	32%
Environment and resources	Environmental impact (direct and indirect)	Multi-year target 8% CO_2 emissions reduction per FTE in the period 2017-2020	2019: -0.3% 2017-2019: -9.8%
		2% energy consumption reduction (gas/electricity) per work station	Gas +30.5% Electricity -2.2%
		2% fuel consumption reduction per car	+1.7%
Returns	Growth in returns	Multi-year target EBITDA margin 10%-12% in 2022	9,9%

Changes to our objectives compared to 2018

In order to ensure that we can keep up our continuous improvement, we made some changes to the objectives we defined in 2018. Four items are no longer separate objectives, and instead are now a regular part of our day-to-day operations:

- In the field of 'Diversity and inclusiveness' we defined an objective in 2018 to help people with limited access to the labour market find a job through a pilot. Some 10 IT professionals from that target group actually found full employment through that pilot.
- In 2018, we specified 'Services with an impact', with several examples in the annual report of client projects with a clear impact on society to illustrate the theme. We refined that objective and placed it more explicitly in the context of our renewed strategy. The examples in this annual report are therefore only 'Ahead of change projects'. We have adjusted the definition, objective and measurement methods accordingly.
- Increasing know-how and awareness in the field of security, privacy and integrity was still a separate objective in 2017 and 2018, measured in terms of the number of employees that had successfully completed training courses in this field. This has now been embedded in our regular operations and as such is no longer a separate objective.
- Up until the end of 2018, Ordina identified 'society' as a separate theme, with the objective of our whole workforce spending 300 to 500 hours a year on projects that contributed to society. Ordina employees engage in a variety of activities in society, both inside and outside working hours. At times, Ordina also explicitly makes employee hours available for these efforts. As of 2019, we no longer use a pre-determined number of hours in this context.

Embedding the sustainability strategy

The sustainability strategy is a major priority at Ordina and is embedded in the Management Board. The four key themes: Professionals and society, Clients and Innovation, Environment and resources and Returns each have a theme owner in our business in the Netherlands. In Belgium, these four themes are managed centrally by one theme owner. The results are assessed together in compliance, reporting and certification, and the theme owners are therefore jointly responsible for the results. The five theme owners and a member of the Management Board, plus the corporate secretary, together form the Sustainability Steering Group. The steering group appoints project leaders for various initiatives and a programme manager to safeguard the cohesion between the various activities. The steering group supervises the execution of the strategy and monitors progress.

Compliance, reporting and certification

Compliance and transparent reporting in the field of sustainability are part of our governance structure. We report the results of our sustainability strategy in our annual report and have our external auditor provide a limited assurance statement.

We choose to be certified when it comes to sustainability aspects and aim to realise the highest scores possible in that context. Every year, the Management Board assesses whether this package of certificates and statements meets the wishes and requirements of our stakeholders. Internally, we streamline our processes and activities so we can meet various requirements. You can find additional information on this subject on page 13 of our Sustainability strategy 2019 on the Ordina website.

CO_2 Performance ladder

The CO_2 Performance ladder is an instrument that helps organisations realise a structural reduction in their CO_2 emissions. The ladder is a leading sustainability instrument in the Dutch market. Ordina once again achieved level 5, the highest possible level, for the seventh year in a row since 2013, which shows that Ordina has, for some time now, made demonstrable efforts to reduce its CO_2 emissions, in its own operations, in projects and in the chain.

MJA-3

In the multi-year energy efficiency agreement (MeerJarenAfspraak energie-efficiëntie – MJA-3) for the IT sector, a number of companies are working together to realise structural improvements in energy efficiency. In the context of the MJA network, IT companies share know-how and experiences, during events like the MJA company day and in MJA-3 user groups. Leading IT companies – together representing some 80% of the sector's energy use – have signed up to the MJA-3 covenant and committed to improving their energy efficiency by 2% a year in the period 2005-2020. Since it seems unlikely that these agreements will be extended after 2020, Ordina will set its own CO_2 footprint reduction targets for the periods through 2025 and through 2030.

EcoVadis

EcoVadis is a sustainability rating 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 2016, Ordina Belgium has scored a Gold Award, which means the company is among the top five percent of medium-sized IT companies that participate in EcoVadis. In 2019, Ordina Netherlands received the Silver award, down from a Gold award in 2018. This still puts the company among the top seven percent of large IT companies that participate in EcoVadis. The tightening of a number of criteria means that we unfortunately fell just outside the gold status in 2019. We will of course see whether we can meet the gold status criteria in 2020.

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 migration). The context of the organisation also plays a significant role in these 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 CO_2 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 a biennial assessment of the content and quality of information on the social elements of the operations of the largest companies active in the Netherlands. The survey group includes more than 500 companies and organisations. In the Transparency benchmark for 2019, Ordina took sixth place in the services sector (2018: 4th place) and 61st place (2017: 43rd place) in the overall rankings of companies in the Netherlands, which made Ordina the highest placed IT services provider in the rankings. The criteria of the transparency benchmark were updated in 2019, with greater attention being devoted to chain transparency and Sustainable Development Goals. The scores realised were significantly lower than in the previous transparency benchmark right across the board.

Dilemmas

Charging station stress or far higher costs?

The increase in the number of electric cars also seems to be driving a rise in stress for our employees. As drivers of fully electric cars, they have to constantly be aware of whether their action radius is sufficient, whether there are opportunities to recharge and irritations caused by other drivers unwittingly hogging a charging station for too long. We can do something about this by creating more charging stations, both in the employees' home environment and near their place of work. However, building charging stations requires a considerable investment and there is a limit to what can be done at offices because of the power supply. And while there are public charging stations and quick-charge stations on motorways, they can cost up to five times as much to use. There are solutions to drivers hogging charging stations, such as apps that indicate when a car's battery is fully charged. But smart design of charging locations and actively releasing a charging station also reduces charging station hogging.

Working from home vs the importance of teamwork

Encouraging our professionals to work from home can drastically reduce both our mobility and our CO_2 emissions. At the same time, we are increasingly seeing our employees working together in High performance teams at client locations to deliver excellent services to our clients. Intensive cooperation between our colleagues and with our clients requires frequent contacts. This effectively means that this type form of cooperation also puts our future climate-related targets at risk. If we want to continue to reduce our CO_2 foot print, we will have to find a balance between reducing mobility and intensive cooperation.

Risks

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.

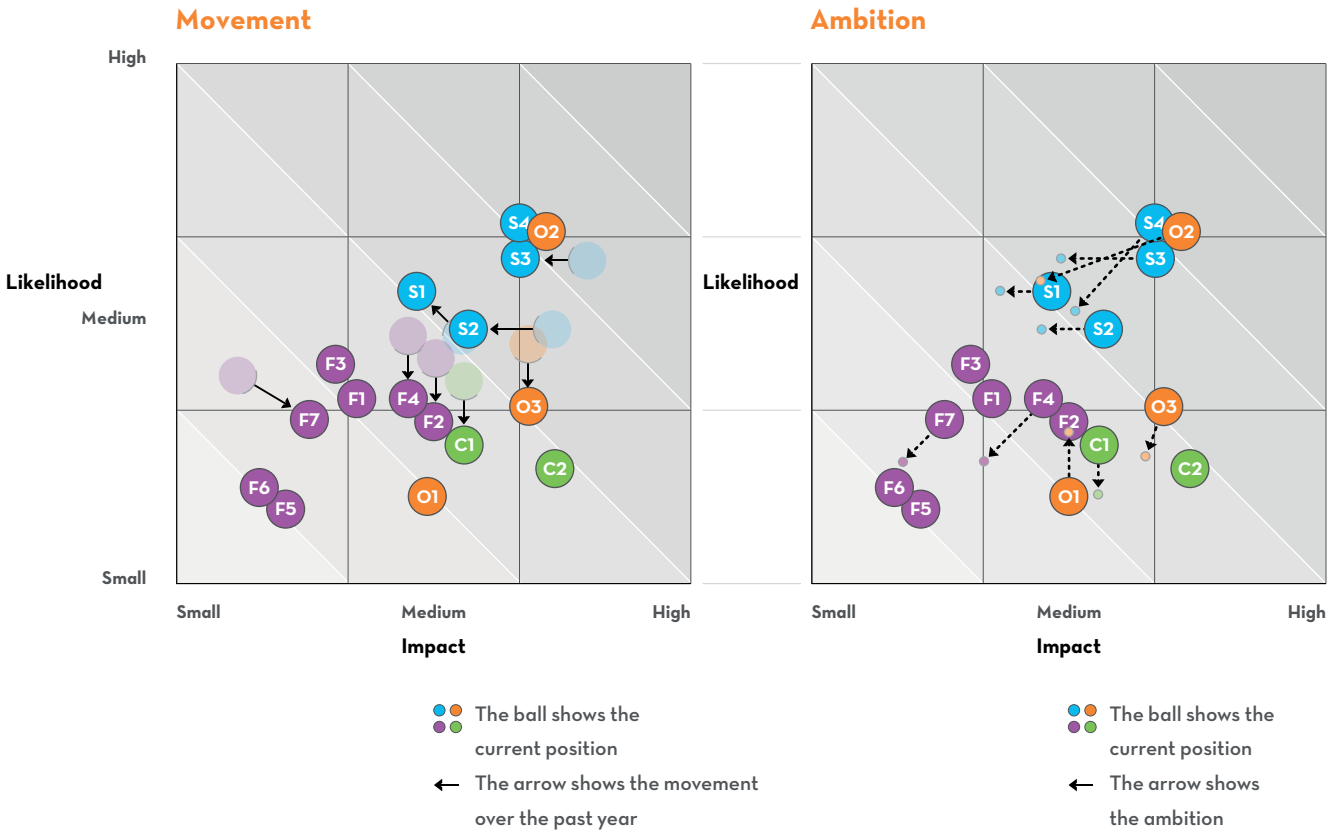
Ordina's risk management recognises strategic, financial, operational and compliance risks. Risk management is an integral part of our business planning and review cycle. As part of its business planning cycle, Ordina conducts a bottom-up risk assessment of its operations in the Netherlands and Belgium/Luxembourg. 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 our strategy, the extent to which we can influence a risk and the developments relating to each risk. In this context, we also assess 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 on 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 65 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 in the year under review. 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.

Current estimate (year-end 2019)



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 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 market demand for IT services remains high. This has reduced the impact of this risk should it materialise. However, the likelihood of this risk materialising has increased slightly, as the macro-economic forecasts are more negative. The first signs of a decline in demand are showing in some areas of the sector.

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 and an increase in revenues from long-term contracts, including the deployment of teams. Revenue is also spread across various markets.

Ambition: our measures are aimed at reducing the impact of this risk to just below 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 revenue from a few larger clients has increased slightly, but the diversity of the services Ordina provides those clients also increased, which reduced the impact.

Measure: we are targeting growth in all our markets and focus on clients that fit Ordina's profile. We are also striving for more sustainable delivery relations, which result in more long-term contracts, including the deployment of teams.

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 acts of terror or the threat thereof may result in travel restrictions, that particular locations may be inaccessible for longer periods of time, or that clients' operations are temporarily brought to a standstill. This has direct implications for our services.

Development: the impact of this risk has declined slightly because we have created more opportunities for employees to work safely from any given location.

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 Small, specialist companies

Small, specialist companies are now a permanent feature in the market and they are 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, with our focus on our five business propositions and our solutions. This gives clients a much clearer idea of what we stand for and it makes us attractive to 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 risks

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

Development: this risk is unchanged. In 2019, Ordina extended its EUR 30-million financing facility, which ended in May 2020. The facility has a life of five years, with an initial term of three years and an option to extend twice by one year each. The margin was reduced and we agreed on less strict covenants.

Measure: we aim for a positive cash balance through the intensive monitoring of our working capital and the structural reduction of our costs. We will also 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. We have only an indirect/limited impact on the likelihood of this risk materialising and we also believe that any reduction in the impact will also be limited.

F2 Pressure on consultancy rates

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

Development: due to the high demand for and scarcity of IT professionals, the likelihood of this risk materialising 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. The risk varies within the client groups of the various markets. Our ambition to expand in the industry market may increase the likelihood of this risk materialising, but we did not realise this growth in 2019, which means the 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 keeping both the likelihood and impact of this risk at the current level. Our growth ambition in the industry market means the likelihood will increase slightly. We expect that our mitigating measures will enable us keep this under control. Taking the above considerations into account, we consider the current level acceptable.

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 2019, the likelihood of this risk has declined.

Measure: we are targeting growth in all our markets to improve our returns and we strictly monitor our costs. For more information, please see note 8.5 of the financial statements on page 123.

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: this risk is unchanged.

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: this risk is at our ambition level.

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 2019, Ordina had loss carry-forwards totalling EUR 26.3 million. In the context of these loss carry-forwards, Ordina recognised a deferred tax claim of EUR 6.0 million. There is a risk that it will not be possible to offset these loss carry-forwards quickly enough, as a result of which the deferred tax claim or a part thereof will have to be depreciated. Changes in tax rates may also result in a revaluation.

Development: the improved results in the Netherlands in 2019 and the measures introduced to

realise debt rejuvenation have reduced the likelihood of this risk materialising. In addition, corporate income tax for future years once again changed in 2019. This resulted in an increase in the deferred tax claim valuation, which has resulted in an increase in impact.

Measure: we are targeting growth in all our markets and continue to closely monitor our cost structure to improve our returns. For more information, please see note 12 on page 130 of the financial statements. 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 discussed below:

O1 Risk profile client projects

The refinement of our strategy and our choice to focus more on the delivery of High performance teams, solutions and greater result commitments in general will result in an increase in the risk profile of our project portfolio.

Development: this risk is unchanged. In 2019, revenue from the business propositions accounted for around 32% of our total revenue. That is a level comparable to 2018. The risk was therefore unchanged at year-end 2019.

Measure: our approach to projects ensures control and also 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 are aimed at reducing the impact of this risk and maintaining 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. Since we are aiming for expansion of our project portfolio, we would consider an increase in the likelihood of this risk materialising acceptable.

O2 Scarcity on the labour market

There is a shortage of highly trained IT professionals. This is due in part to a limited supply (and relatively low influx from colleges and universities) on the labour market relative to the high demand for digitalisation.

Development: our measures, such as the increased focus in our market positioning and our YP programme ensure the successful recruitment of IT professionals. However, with respect to young professionals, the balance with deployability was not optimal, which is why we introduced phased inflow into the programme and young professionals now join us at specific moments. Both recruitment and retention have our undivided attention. Our staff turnover has fallen, but is still not at our ambition level. We realised our ambition to increase the number of staff in Belgium in 2019, but not in the Netherlands due to the fact that there was no loosening of the market for IT professionals. The likelihood and impact of this risk therefore remained unchanged over the past year.

Measure: we are targeting a clearer market positioning and employee value proposition. This makes it much clearer to current and future employees what we stand for. In addition to this, we strive 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.

O3 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 extra attention and tightened measures ensuing from our ISO 27001 programme, the likelihood of this risk materialising has declined.

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

Ambition: we consider it feasible to reduce the impact of this risk slightly. The measures we take are primarily aimed at further 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, and it must comply with laws and regulations related to reporting and its stock exchange listing. Ordina is also subject to compliance with the tender laws and competition laws, to prevent corruption and bribery, among other things, as well as the General Data Protection Regulation (GDPR).

Development: our continued efforts in the field of security and privacy 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 the measures and procedures as described in our Risk Control Framework, such as those relating to integrity.

Ambition: we aim to further reduce this risk. 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 media might damage Ordina's reputation.

Development: both the likelihood and impact of this risk are unchanged.

Measure: we are constantly looking for ways to increase our employees' awareness of the importance of a good reputation. For instance, we organise awareness sessions for new employees and others and have made this part of our considerations when entering into new contracts.

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.

"In today's digital age, securing data is essential."

Arjen Wits

Governance

The Governance chapter includes detailed information on our operational governance. This is followed by the Management Board's in control statement, the composition of the Management Board and Supervisory Board 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 HR 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. 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 2019 we once again organised a brief workshop for new employees on their first day, during which the Compliance Officer explained 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 Internal Auditor, the Privacy Officer and the Corporate Security Officer;
- we have consultations on the compliance function with local Compliance Officers and the Compliance confidential counsellors;
- we have mandatory internal reporting lines from the Compliance Officer to the Management Board and the Supervisory Board.

In 2019, we 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 (CSR) are embodiments of the same principle: using know-how and expertise sustainably for the benefit of people and society. We have identified four material themes in our sustainability strategy: professionals and society, clients and innovation, environment and resources, and returns. We explain these themes in more detail in the Corporate Social Responsibility chapter, where we also present the results achieved in 2019 (page 55).

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 at arm's length principle. Ordina meets all its obligations in transfer-pricing documentation, such as country-by-country reporting.
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;
- analysis of results, forecasts and internal reporting cycle;
- transparent organisation;
- transparent process for dealing with incidents;
- project controls;

- control self-assessment and audits (see Internal Controls section)

Strategy

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. 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 laid down processes, responsibilities and mandates, the division of tasks, policies and guidelines, administrative requirements and controls in a clear and accessible manner in the Ordina Way of Working document, 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 2019. In the year under review, Ordina in the Netherlands also met the requirements for a level 5 certification on the CO_2 Performance Ladder and achieved EcoVadis silver level. We 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, the Management Board decides whether an investigation is required. Depending on the outcome of such an investigation, we 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 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, we actively monitor compliance with the European General Data Protection Regulation (GDPR), partly under the supervision of our Privacy Officer.

Project management

Acquisition

Ordina strives for the sound 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 with respect 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 can take 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 this. 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 (audit committee of 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.

The systems are based on our business principles (see page 70), our general risk management (see page 64) and our financial risk management (see page 66). This takes a more concrete form in our Risk Control Framework, which comprises nine subjects: sourcing, selling, hours, personnel, project management, financial reporting, taxes, legal & compliance and information supply. Every aspect is subject to an internal audit at least once every three years and they are updated every year.

In addition to this Framework, Ordina has a number of certifications (see also page 62), which are tested

externally, as well as internal guidelines with operational checks that monitor compliance with same.

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 www.ordina.nl

In control statement

The Management Board is responsible for Ordina's internal risk management and control systems and the assessment of the effectiveness of same. The systems are designed to control the primary risks that could prevent Ordina from achieving its business objectives. However, these systems do not provide complete certainty that all material inaccuracies can be prevented.

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 full 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 line with the above and in accordance with best practice 1.4.3 of the Dutch Corporate Governance Code, the Management Board hereby declares that, to the best of its knowledge:

- the annual report provides sufficient insight into any shortcomings in the operation of the internal risk management and control systems (more information is available on pages 71 through 74 of this report, which describes the (structure and operation of the) existing internal risk management and control systems);
- the aforementioned systems provide a reasonable level of certainty that the 2019 financial reporting does not contain any inaccuracies of material significance (more information is available on pages 71 through 74 of this annual report);
- it is justified in view of the current situation that the financial reporting is drawn up on a going concern basis;
- that the report states the material risks and uncertainties that are relevant to the expectation of continuity of Ordina's operations for a period of twelve months after the date of the report (more information is available in the Risks chapter on pages 64 through 69 of this annual report).

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 2019, presented on pages 95 through 160 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 2019 and the course of events during the 2019 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 (see chapter Risks on pages 64 through 69 of this annual report).

Nieuwegein, 12 February 2020

Management Board Ordina N.V.
Jo Maes, *CEO*
Annemieke den Otter, *CFO*

Composition Management Board and Supervisory Board

Composition Management Board

The Ordina Management Board consists of CEO Jo Maes and CFO Annemieke den Otter.

Ir. 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, such 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 and portfolio management

Drs. Annemieke den Otter RC (1979) was appointed as CFO and member of the Management Board in September 2016, such 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, HR, property & purchasing, information management, corporate communications & marketing, legal, sustainability and investor relations.

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

Jan Niessen (1963, Dutch) was appointed as a member of the Supervisory Board of Ordina in November 2015. Mr. Niessen has been Managing Director of Mont Cervin Sàrl since 2009, and is a non-executive director at Amsterdam Commodities N.V. Mr. Niessen was reappointed as a member of the Supervisory Board on 4 April 2019, such for a period of four years.

Dirk Anbeek (1963, Dutch) has been a member of Ordina's Supervisory Board since May 2012. He is also Managing Director and Chief Executive Officer of Landal Greenparks. Mr. Anbeek was appointed on 9 May 2012 and reappointed on 26 April 2016 for a period of four years. Mr. Anbeek will step down at the end of the General Meeting of 2020, in line with the regular retirement schedule. In line with said schedule, he is not eligible for reappointment.

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 Nuts Groep. In addition to this, she is Vice-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 Management Board of ABN AMRO and 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 www.ordina.nl

Report of the Supervisory Board

In this report, we provide you with more information on how the Supervisory Board carried out its supervisory tasks and 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. Each month, the Supervisory Board also had brief telephone conferences with the Management Board.

With respect to the meetings of the Supervisory Board and its committees, the table below gives the (rounded off) percentages of the meetings the members attended in 2019:

Johan van Hall	100%
Dirk Anbeek	100%
Pamela Boumeester [1]	100%
Jan Niessen	100%
Caroline Princen	80%

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 before the meetings and immediately afterwards.

In the aforementioned meetings, the Board devoted attention to a number of regular items, 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 shareholders and risk management (in the context of the evaluation with respect to the structure and effectiveness of the internal risk management and control systems). The Supervisory Board also had regular consultations with the Management Board and members of the Executive Committee regarding about the (execution of the) current strategy aimed at long-term value creation, as well as the associated opportunities and risks. During these consultations, among other things, the member of the Management Board responsible also provided an update on the progress and scheduled activities in the various areas on the basis of clearly formulated objectives.

The external auditor attended the meeting in which the agenda included the annual results. Subjects discussed during the annual meeting with the Works Council included the evaluation of the relationship between the Management Board and the Works Council. Other subjects of discussion included the conduct and culture at Ordina and the remuneration ratios within the company.

The members of the Supervisory Board were in frequent contact with each other, as well as 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. During the above-mentioned consultations, the Board discussed a number of items, including the composition of the Supervisory Board and the (outcome of the) self-evaluation conducted in 2019. 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.

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, together with the rules of procedure of the Supervisory Board, are available on the company's website.

1 *Pamela Boumeester was a member of the Ordina Supervisory Board until 4 April 2019.*

Audit committee

The Audit Committee assists the Supervisory Board in its supervision of the Management Board with respect 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 2019, the audit committee consisted of Dirk Anbeek (chairman) 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 also invited and present during the meetings of the audit committee and, on the basis of their expertise, reported on relevant subjects, such as the Risk & Control Framework. 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 design and functioning of internal risk management and control systems. In this context, the Management Board concluded that the internal risk management and control systems operated effectively in the year under review, and that they provide a reasonable level of certainty that the financial reporting does not contain materially significant inaccuracies (more information on this subject is available in the Governance chapter on pages 70 through 74 of this annual report).

The Audit Committee also discussed the functioning of the external auditor, as well as comments from the external auditor and Ordina's Assurance department. The committee also discussed Ordina's financing, as well as the financing agreed in this context and, as part of Ordina's tax policy, the debt rejuvenation transaction.

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 current HR–related issues within the company. The RNH Committee assists the Supervisory Board in its supervision of the Management Board with respect to subjects such as the policy of the Management Board related to selection criteria and appointment procedures for senior management positions and management development.

The RNH Committee has two members. On 31 December 2019, the RNH Committee consisted of Caroline Princen (chairman) and Johan van Hall.

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 HR 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, management development, the filling of senior management positions and succession planning. The RNH Committee also devoted attention to the composition of the Supervisory Board and prepared the Supervisory Board's self-evaluation.

Appointment, composition and rotation schedule Supervisory Board

The members of the Supervisory Board are appointed by the Annual General Meeting of shareholders upon nomination by the Ordina priority share foundation (Stichting Prioriteit Ordina Groep), which nomination is made on the basis of the profile outline drawn up by the Supervisory Board. The Works Council has an enhanced right of recommendation with respect to one-third of the members of the Supervisory Board. Appointments to the Supervisory Board are based on the premise that members are appointed for a period of four years with the option to reappoint once for a second four-year period. A supervisory director can only be dismissed by the Enterprise Chamber of the

Amsterdam Court of Appeal. The General Meeting can also pass a motion of no confidence in the Supervisory Board, but not before the Management Board has informed the Works Council of same and given it the opportunity to determine its standpoint on the issue. A motion of no confidence can only be passed by an absolute majority of the votes cast, representing at least a third of the issued share capital. A motion of no confidence results in the immediate dismissal of the 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 interests, such within the meaning of the Dutch Corporate Governance Code (the 'Code'). Three of the 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.

Ordina's diversity policy is taken as a basic premise in the composition of Ordina's Supervisory Board. The aim of this policy is to create an inclusive culture with regard to both internal and external stakeholders, such as employees and suppliers. This pertains to diversity aspects that are relevant to Ordina, such as nationality, age, gender, social background and experience. Ordina has a number of activities for various target groups that may contribute to greater diversity. You will find more information on this subject in the Our People chapter on page 49. 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. As at 31 December 2019, the composition of the Management Board (50% female, 50% male) meets this target. The ratio in the Executive Committee as of that date was 29% female, 71% male, and the ratio on the Supervisory Board is 25% female and 75% male. If the Annual General Meeting on 2 April 2020 approves the appointments of Thessa Menssen and Filip Michiels (see below), this percentage will increase to 40% female and 60% male as of the end of that General Meeting.

On 4 April 2019, Pamela Boumeester stood down as vice-chair of the Supervisory Board. She was also chair of the RNH committee. In this context, agreement was reached with the Works Council that as of the date of Pamela Boumeester's resignation and for the duration of the terms for which she was appointed in 2018 by the General Meeting of shareholders, Caroline Princen will be considered as the member of the Supervisory Board appointed on the basis of the enhanced right of nomination of the Works Council and that the Works Council will refrain from making use of its enhanced right of nomination in the intervening period. Caroline Princen also succeeded Pamela Boumeester as chair of the RNH committee as of the aforementioned date.

During the General Meeting of 4 April 2019, it was also announced that Dirk Anbeek will step down as a member of the Supervisory Board as of the end of the 2020 General Meeting in accordance with the retirement schedule. It was also noted that, in accordance with the schedule, Dirk Anbeek is not eligible for reappointment. The Supervisory Board initiated succession procedures to fill the ensuing vacancy, as well as the existing vacancy resulting from the earlier departure of Aloys Kregting.
On the basis of the above, the Supervisory Board proposes that, in the upcoming General Meeting scheduled for 2 April 2020, Thessa Menssen and Filip Michiels be appointed as members of the Supervisory Board of Ordina N.V., as also communicated in the press release dated 13 December 2019.

Performance of the Board

In early 2019, the Supervisory Board assessed the performance of the Board as a whole, of its committees and of its individual members as well as the interaction with the Management Board. The evaluation was conducted in cooperation with an external party. The evaluation process included interviews with all the 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 the cooperation as a collective, between the individual members and with the Management Board is good.

In the context of the self-evaluation, the Board also determined that it sufficiently met the need for know-how about the operations of the company and the responsibilities of a member of the Supervisory Board, also in view of the regular and informal contacts of the Supervisory Board members in their everyday activities 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

This chapter, including references to other pages of this annual report, including the remuneration report, the articles of association and other information, together with Ordina's 'comply or explain' statement, together constitute the corporate governance statement as meant in article 2a of the decree on additional requirements for annual reports.[1]

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. Ordina uses the Dutch Corporate Governance Code as a basis for its corporate governance structure.

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 simultaneously 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. A number of principles and best practices are not applicable, due in part to the company's statutory structure. Instances of non-compliance are explained where applicable. Ordina's application of the Code is incorporated in the 'comply or explain' statement, which is available in the Corporate Governance section of the Ordina website. This document should be read in conjunction with this section of the annual report and is deemed to have been included herein by virtue of referral.

Management Board

The Management Board is the statutory board of Ordina N.V. and consists of the CEO and the CFO. The members of the Board have divided the various tasks between them.

As Ordina is a two-tier board company, the members of the Management Board are appointed and dismissed by the Supervisory Board. The Supervisory Board informs the Annual General Meeting of Shareholders of any intended appointment or dismissal of a member of the Management Board. In accordance with the Code, members of the Management Board are appointed for a (maximum) term of four years on the basis of a management contract. Members of the Management Board can be reappointed without limitation, each time for a new (maximum) term of four years. The objectives of Ordina's diversity policy are taken into consideration in this context. If a new member is appointed to the Management Board, the key components of their contract are posted on Ordina's website at an appropriate time in accordance with the Code.

The Management Board, in addition to being responsible for the company's operational management, also bears responsibility for defining a long-term vision on the value creation of the company and its associated enterprise and for defining an appropriate strategy for the realisation of same. The Management Board is held accountable for same by the Supervisory Board and the Annual General Meeting of Shareholders. In performing its duties, the Management Board focuses on the long-term value creation of the company and takes into consideration the relevant interests of any stakeholders.

Members of the Management Board will not hold more than two supervisory director positions with listed companies, nor will they act as the chairman of the supervisory board of a listed company. Acceptance by a Management Board member of a seat on a supervisory board is subject to the approval of the Supervisory Board. Other significant ancillary posts held by a Management Board member shall be reported in advance to the Supervisory Board.

The Supervisory Board determines the individual remuneration of the members of the Management Board in line with the Remuneration policy (more information on this subject is available in the 'Remuneration report' chapter on pages 84 through 91 of this annual report).

1 *Staatsblad 2004, 747, amended with effective date 1 January 2018: Staatsblad 2017,332.*

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

Additional information about the members of the Management Board is available on page 76 of this annual report.

General Meeting

Ordina N.V. is a two-tier board company whose ordinary shares are listed on Amsterdam's NYSE Euronext stock exchange. The company does not have any provisions that restrict voting rights. No depositary receipts for shares have been issued with the cooperation of the company. The Articles of Association provide the option of issuing preference shares. In view of the above, a limited number of the Code's best practices do not apply.

The General Meeting takes place annually in or around April. In accordance with the relevant legal provisions and the company's Articles of Association, notices convening shareholders' meetings, agendas of meetings and documentation for meetings are all duly published and posted on the corporate website. The agenda of a shareholders' meeting lists which items will be discussed and which will be subject to a vote. In the event that members of the Management Board and Supervisory Board are nominated for (re) appointment, said individuals will in principle be present at the General Meeting in question.

The company invites shareholders to submit questions prior to the meeting, so the company can answer said questions during the meeting.

Resolutions involving a major change in the identity or character of the company or its enterprise are subject to the prior approval of the General Meeting. This includes transferring virtually all or all of its operations, entering into a long-term partnership that is of great significance to the company, and acquiring or disposing of an equity interest worth at least one-third of the total consolidated assets. If a serious private bid is made for a business segment or an associate whose value corresponds to at least one-third of the total consolidated assets and this bid is made public, the Management Board will, at its earliest convenience, make public its position on the bid and the reasons for this position.

Resolutions to amend the company's Articles of Association can be adopted by the General Meeting by a simple majority of votes, at the proposal of the priority trust and subject to the approval of the Supervisory Board. Each material amendment to the Articles of Association will be submitted separately to the General Meeting, in which process different amendments to the Articles of Association can be tabled as a package if the Management Board feels that this is desirable with a view to the coherence of such amendments. This is subject to the approval of the Supervisory Board.

Shareholders have the right to place an item on the agenda of a shareholders' meeting, provided that they observe the relevant provisions of the Articles of Association. The Management Board can ask for a response time to comment on a request to propose a specific motion.

Each year, a motion is put to the General Meeting to authorise the Management Board of Ordina N.V. to issue and/or grant rights to subscribe for shares. This is subject to the approval of the Supervisory Board. This authorisation is limited to a term of 18 months after the date on which the meeting granting the authorisation was held. In terms of scope, the authorisation is capped at a percentage of the share capital issued at that time. The meeting is also asked, subject to the approval of the Supervisory Board, to authorise exclusion or restriction of the pre-emptive rights upon the issuance or the granting of rights to subscribe for shares respectively. Each year, the shareholders' meeting is also asked to grant authorisation to the Management Board, such for a period of 18 months, to purchase its own shares, within the boundaries of the law and the Articles of Association, and the bandwidth cited in said authorisation. Each motion to grant one of the above authorisations is submitted to the shareholders separately.

In accordance with the Code, shareholders are provided with reports of shareholders' meetings. The outcome of the votes held during a shareholders' meeting – for each agenda item separately – shall be published on the corporate website within 15 calendar days of the date of the meeting.

Details of major shareholders in Ordina N.V. are posted on its corporate website and published in its annual report, to the extent that Ordina is aware of same on the basis of notifications pursuant to the Dutch Financial Supervision Act.

More information regarding subjects including Investor Relations, (the current composition of) Ordina's share capital, and Ordina's dividend policy is available in the Financial results chapter, on pages 45 through 48 of this annual report.

The external auditor

The General Meeting held on 26 April 2018 reappointed Ernst & Young Accountants as external auditor for the financial years 2019 and 2020. Ordina endorses the Code's principles and best practice

provisions with respect to the role, appointment, fees and performance evaluation of the external auditor. The external auditor attends the General Meeting, so they can be questioned by shareholders regarding their opinion on the true and fair view given in the financial statements.

The company's external auditor attends at the very least those meetings at which the annual results and the interim results, plus the findings of the audit of the year-end financial statements and interim results are discussed. The Supervisory Board meets with the external auditor at least once a year in the absence of the Management Board. The Supervisory Board is free to seek direct contact with the external auditor as often as the supervisory directors deem this necessary. The external auditor receives all the financial information they need to carry out their tasks in good time, and is given the opportunity to respond to same.

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 164 of the Dutch version of the annual report 2019.
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 Meeting of Shareholders adopt the financial statements for 2019 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 their dedication and their continued commitment and hard work. We would also like to thank our clients and suppliers for their trust in our ambition to stay ahead of change and build a digital edge together.

Nieuwegein, 12 February 2020

Supervisory Board Ordina N.V.
Johan van Hall, *Chairman*
Caroline Princen, *Vice-Chairman*
Dirk Anbeek
Jan Niessen

Remuneration report 2019

This Remuneration report as meant in article 2:135b of the Dutch Civil Code was drawn up by the Supervisory Board of Ordina N.V. ('the company'), taking into consideration the relevant principles in the field of remuneration in the Dutch Corporate Governance Code (the 'Code') and the revised European Shareholders directive, which came into effect in 2019.

Introduction

The remuneration policy for the Company's Management Board is in line with Ordina's strategy and its earnings model. It is a remuneration package with an even balance between fixed and variable remuneration, taking into account the internal pay ratios within Ordina. In addition, the policy takes into consideration relevant developments in society, such as an appropriate balance between short-term and long-term variable remunerations and a claw-back clause in contracts with members of the Management Board. The Management Board members participate in Ordina's standard pension scheme. This is a defined contribution scheme. The pension accrual of the Management Board members is maximised at the legally maximised pensionable salary less the franchise. The annual pension premiums for said scheme are for the account of the Company and will be paid by the Company.

The main characteristics of the prevailing remuneration policy for the Management Board are as follows:

- A short-term on-target variable bonus of 50% of the reference salary.
- A long-term on-target variable bonus of 50% of the reference salary.
- The total on-target variable bonus is 100% of the reference salary[1] and may be up to a maximum of 155% (i.e 85% long-term and 70% short-term variable bonuses).
- The short-term and long-term variable bonuses for members of the Management Board are based on financial and non-financial targets. These targets include the development of revenue and operating result, employee engagement, client satisfaction and the targets in the field of corporate social responsibility.
- In the event that the Company terminates the employment of a Management Board member, they may receive a fixed severance payment of a maximum of once the annual fixed salary.
- A change-of-control scheme applies (in the event that the position or tasks of a Management Board member change significantly as a result of the acquisition of the Company, which results in a change in control of the company, said Management Board member shall be entitled to once the fixed annual salary).
- The Supervisory Board has the discretionary authority to change both short-term and long-term variable bonus upwards or downwards, if the unchanged application of the agreed arrangements were to result in an unreasonable or unintended outcome, such in the opinion of the Supervisory Board.

The remuneration policy for the Management Board will be reviewed in 2020 in the context of the implementation of the revised Shareholders directive.

Objectives of Ordina's remuneration policy

Ordina strives for a result-focused culture. Ordina's remuneration policy places the emphasis on a base salary that reflects the tasks and the definition of the roles of the members of the Management Board. The intention of the short-term bonus is direct alignment with Ordina's operational performance. The long-term bonus puts emphasis on Ordina's long-term value creations and its relationship with its stakeholders. The objectives of Ordina's remuneration policy are as follows:

- Develop, recruit and retain the necessary leadership talents, to maintain and expand Ordina's unique competencies and capacities.
- Encourage performances that generate profitable growth in the long term.
- Encourage conduct that stimulates the company's strategy and the desired culture.
- Stimulate cooperation between divisions and functional areas within the company.
- The remuneration should encourage value creation for shareholders and other stakeholders.
- Comply with the Code's best practices.
- Comply with the general principles of corporate governance.

1 *Fixed annual salary on 1 January of the reference years in question, plus the prevailing percentage in holiday allowance)..*

Components of the remuneration of the Management Board

The remuneration packages of the Management Board members have been positioned in general terms at a level that has been established as competitive at function level (executive/senior management), and takes Ordina's profile into consideration. No reference segment has been defined within this 'general executive market', in view of the small number of companies with a profile comparable to that of Ordina in terms of services, complexity and geographical spread. The remuneration packages for the members of the Management Board have also been positioned in line with (the objectives of) Ordina's remuneration policy.

The determination of the total remuneration takes into consideration, where possible, the prevailing remuneration ratios within the Ordina Group and the policy observed at any given time within the Ordina Group with respect to the remuneration of employees. For instance, the pension commitments relating to the members of the Management Board are the same as those of the other employees. On the other hand, in the context of the development, recruitment and retention of the necessary leadership talents, in the positioning of the remuneration packages of senior management, Ordina also strives to make the connection with the positioning of the Management Board's remuneration packages. However, there is no formalised step differential between the members of the Executive Committee and the Members of the Management Board. At the same time, the members of the Management Board and the senior management do, for example, have a long-term variable bonus scheme that has the same methodology. No changes were made to the above in the year under review 2019.

Fixed salary

The basic salary including holiday allowance for the members of the Management Board remained unchanged as of 1 January 2019. The basic salary for the CEO and CFO including holiday allowance on a full-year basis is:

CEO	EUR 387,551
CFO	EUR 271,329

Variable bonus

The remuneration policy for the Management Board includes both short-term and long-term components for the variable bonus. This is aimed at realising both short-term objectives for the Company and long-term value creation. This is also taken into account in the annual determination of the performance criteria (KPIs) and their weighting. Claw-back clauses and a minimum retention period for unconditionally awarded performance shares also underline the importance attached to long-term value creation in the above.

In its determination of any short-term and long-term variable bonuses to be awarded, the Supervisory Board assesses the possible outcome of the various KPIs and the consequences of same for the variable bonus to be awarded. The Supervisory Board subsequently determines an appropriate variable bonus on the basis of the analysis and the performance, and in line with the remuneration policy, taking into account the views of the individual directors.

Short-term variable bonus

The annual short-term variable bonus of the Management Board is determined on the basis of a number of KPIs set by the Supervisory Board. These are both financial and non-financial in nature. A minimum of 70% of the short-term bonus is related to financial targets, and the remaining (maximum of) 30% is related to non-financial targets. Each year, when determining the targets the Supervisory Board can at its discretion adjust the weighting of the targets within the above-mentioned bandwidth, taking into account the Company's long-term vision.

In the event that the Supervisory Board finds that all set KPIs have been realised (on target) in a reference year, the members of the Management Board will be awarded a short-term variable bonus for that reference year of 50% of the reference salary. An exceptionally good performance may result in a maximum short-term variable bonus of 140% (which is equivalent to 70% of the reference salary). If a member of the Management Board failed to realise at least 80% of a target, no short-term variable bonus will be paid out for that target. In its assessment of the extent to which relevant KPIs have been realised, the Supervisory Board considers aspects including the satisfaction and engagement surveys, financial results and scores in terms of sustainability targets.

Long-term variable bonus

A number of long-term performance shares Ordina N.V. are awarded conditionally to members of the Management Board on an annual basis. The awarding of the long-term variable remuneration of the Management Board is determined on the basis of a number of financial and non-financial KPIs set by the Supervisory Board.

A minimum of 70% of the long-term variable bonus is related to financial targets, with the remaining (maximum of) 30% related to non-financial targets. Each year, when determining the targets the Supervisory Board can at its discretion adjust the weighting of the targets within the above-mentioned

bandwidth, taking into account the Company's long-term vision.

The number of shares that can be awarded after a reference period has ended in the event of an on-target performance is determined on the basis of 50% of the reference salary payable to the director in the first year of the reference period, divided by the closing share price on the last trading day of the previous financial year. Exceptionally good performances may result in the unconditional granting, after the end of the reference period, of 170% of the on-target number of conditionally awarded performance shares (this is equivalent to 85% of the reference salary in the first year of the reference period). If the director realises at least 80% of the KPIs set for the relevant reference period, this results in the unconditional granting of 50% of the on-target number of conditionally awarded performance shares. If a director fails to realise at least 80% of a set KPI, no long-term variable bonus will be paid out for that target.

Pension commitment

Members of the Management Board participate in the standard Ordina pension scheme as outlined in the Insurances addendum of the General Employment Terms and Conditions and in accordance with the prevailing pension scheme. The pension basis used is the legally maximised pensionable salary less the franchise. The annual pension premiums for said scheme are for the account of the Company and will be paid by the Company.

Other benefits

The Company makes a car, a laptop and a mobile phone available to members of the Management Board.

Severance pay

In certain circumstances, the members of the Management Board are entitled to severance pay. This has been set at a maximum of one time the fixed annual salary.

Application remuneration policy

General

Ordina's identity, mission and values are taken into consideration when both drawing up and executing the remuneration policy. Concrete targets are linked to four themes (Returns, Professionals & society, Clients and innovation, and Environment and resources) on the basis of Ordina's value creation model. The progress of the company's strategy is subsequently measured against these targets. The targets related to the improvement of returns, growth, high-quality services, employee engagement and sustainability objectives also form the benchmark for the determination of the performance of the members of the Management Board in any given year in terms of the short-term and long-term performance bonus.
Members of the Management Board have a management agreement with Ordina N.V. The remunerations for the members of the Management Board are charged entirely to the operating companies of the Ordina Group by means of a management fee.

Salary development

The basic salary including holiday allowance for the members of the Management Board remained unchanged as of 1 January 2019.

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.

The ratio between financial and non-financial targets has been set as follows: at least 70% of the short-term variable bonus is based on financial targets in the reference year. The KPIs are revenue (30%) and EBITDA margin (40%. The remaining 30% of the short-term variable bonus for the year under review is based on a basket of non-financial targets. These include employee engagement, client satisfaction, high-quality services, leadership in niche markets, resilience and corporate social responsibility. The targets have been selected such that they do not provide an incentive for a director to put their own interests above those of the company or to take risks that are not in line with the company's strategy.

The Supervisory Board has determined that the targets for 2019 were partly realised. The realisation of the revenue target, with a weighting of 30%, was on-target, which results in a 100% pay-out on this KPI. On the EBITDA margin target, with a weighting of 40%, the Management Board scored above target, resulting in a pay-out of 120%. Finally, the Supervisory Board determined the score on the basket of non-financial targets at 120%. Both the above-target realisation of the client satisfaction score and the well-above target realisation of the CSR targets made a positive contribution to this score.

In view of the above, the Supervisory Board has decided to award Jo Maes (CEO) a short-term bonus of EUR 219,400 and Annemieke den Otter (CFO) a short-term bonus of EUR 153,580. This short-term bonus represents a payment percentage of 114% of the

Short term remuneration

Name of director	Discription of the performance criteria and type of applicable remuneration	Relative weighting of the performance criteria	Subject to performance criteria STI (in EUR)	Information on actual outcome	
				Measured performance	Actual award outcome / payout in EUR on STI 2019
J.G. Maes - CEO	Financial citeria	70%	134,719	78%	153,580
	Non-financial criteria	30%	57,737	36%	65,820
	Total	**100%**	**192,456**	**114%**	**219,400**
J.W. den Otter - CFO	Financial citeria	70%	94,303	78%	107,506
	Non-financial criteria	30%	40,416	36%	46,074
	Total	**100%**	**134,719**	**114%**	**153,580**

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 long-term component of the variable bonus pertains to a payment in shares in Ordina N.V., and each current scheme has a term of three years. By virtue of the remuneration policy, the value of the on-target number of shares to be awarded is equal to 50% of the fixed salary (including holiday allowance) payable to the directors in the first year of the three-year period. At the start of each three-year period, directors are conditionally awarded a number of shares on the basis of the closing share price of Ordina N.V. shares at the end of the preceding calendar year. At the end of the three-year period, shares are awarded unconditionally on the basis of objectives realised measured against the targets set. Delivery of unconditionally awarded shares takes place in the year after the final year of the three-year period. Members of the Management Board are not permitted to sell their shares within two years of those shares being awarded unconditionally, unless any sale of such shares is for the sole purpose of paying any levies and premiums due with respect to those shares. In view of this, unconditionally granted shares are delivered into a blocked deposit account.

The ratio between the financial and non-financial targets has been set as follows for the 2017-2019 bonus scheme: 70% of the long-term variable bonus is related to the development of Ordina's results. The KPIs are revenue (20%), EBITDA margin (15%), net profit (20%) and free cash flow before the payment of dividends (15%). The remaining 30% of the long-term bonus depends on the equally weighted non-financial targets, employee engagement (7.5%), client satisfaction (7.5%), image (7.5%) and sustainability (7.5%).

The Supervisory Board has determined that the realisation of the KPIs revenue, EBITDA margin were on-target, resulting in a pay-out of 100% on these KPIs. The realisation of the KPI net profit was above-target, resulting in a pay-out of 135%. In view of the actual free cash flows, the Management Board scored on-target in terms of the free cash flow before the payment of dividends, resulting in a pay-out of 100%. The Supervisory Board determined that the scores on non-financial targets were on-target (employee engagement), and above-target level (others) respectively, resulting in a pay-out of 38% (rounded off).

Long term remuneration

Name of director	Discription of the performance criteria and type of applicable remuneration	Relative weighting of the performance criteria	Number of share subject to performance criteria LTI 2017-2019	Information on actual outcome	
				Measured performance	Actual award outcome / pay out in number of shares on LTI 2017-2019
J.G. Maes - CEO	Financiële criteria	70%	64,152	77%	73,695
	Niet-financiële criteria	30%	27,494	38%	31,584
	Total	**100%**	**91,646**	**115%**	**105,278**
J.W. den Otter - CFO	Financiële criteria	70%	44,701	77%	51,351
	Niet-financiële criteria	30%	19,158	38%	22,007
	Total	**100%**	**63,859**	**115%**	**73,358**

In view of the above, Jo Maes and Annemieke den Otter have been unconditionally awarded 105,278 and 73,358 performance shares respectively. This is equivalent to a pay-out percentage of around 115% of the on-target long-term variable bonus of the Management Board. In the context of the above-The mentioned shares to be awarded unconditionally in the context of the above, these will be delivered in the first quarter of 2020.

The most important aspects of the Management Board's current bonus schemes are include in the table on page 89.

Remuneration of the Management Board

With respect to the remuneration of the members of the Management Board, the table on page 89 includes the amounts recognised in the income statements for 2091 and 2018 respectively. The total amount for 2019 is in line with the remuneration policy.

Pension

Both members of the Management Board participate in the pension scheme provided by the Company.

Other benefits

The company makes a laptop, a mobile phone and a car available to the members of the Management Board. The associated costs for these benefits for the Management Board members was around EUR 0.1 million in 2019. Said costs are included as part of the overall remuneration in table overview below. In addition to a car being made available to them, the Management Board members also have the option of hiring a driver in certain circumstances. The cost of same is not part of the other benefits and therefore not included in the table below.

Severance pay

In the year under review, no severance pay was paid out to Management Board members. There were also no instances of a claw-back of a bonus as meant in article 2:135 section 8 of the Dutch Civil Code.

Share options

The Management Board members have not received any share options (share options are not part of the remuneration policy).

Personal loans, advances and sureties

No loans, advances or sureties were issued for the benefit of members of the Management Board.

Current long term variable remuneration schemes

	Main conditions of share award plans				Information regarding the reported financial year					
					Opening balance	**During the year**		**Closing Balance**		
Reporting year 2019	Perfomance period	Grand date	Vesting date	End of holding period	Shares awarded at the beginning of the year	Shares conditionally awarded	Shares vested	Number of shares subject to performance criteria	Shares awarded and unvested at year end	Shares subject to holding criteria
J.G. Maes - CEO	2015-2017	16-02-17	15-02-18	14-02-20	-	-	-	-	-	16,153
	2016-2018	16-02-17	11-02-19	10-02-21	61,097	-	30,701	-	-	30,701
	2017-2019	01-05-17	Q1 2020	Q1 2022	91,646	-	-	91,646	91,646	-
	2018-2020	25-04-18	Q1 2021	Q1 2023	123,686	-	-	123,686	123,686	-
	2019-2021	22-03-19	Q1 2022	Q1 2024	-	135,724	-	135,724	135,724	-
J.W. den Otter - CFO	2015-2017	10-11-16	15-02-18	14-02-20	-	-	-	-	-	14,157
	2016-2018	10-11-16	11-02-19	10-02-21	49,215	-	24,731	-	-	24,731
	2017-2019	01-05-17	Q1 2020	Q1 2022	63,859	-	-	63,859	63,859	-
	2018-2020	24-04-18	Q1 2021	Q1 2023	86,580	-	-	86,580	86,580	-
	2019-2021	22-03-19	Q1 2022	Q1 2024	-	95,006	-	95,006	95,006	-

Remuneration Management Board

	J.G. Maes			**J.W. den Otter**		
	2019	2018	Delta in %	**2019**	2018	Delta in %
Base salary	387	387	-	271	271	-
Fringe Benefits	64	35	0,83	28	19	0.47
One-year variable	219	208	0,05	154	146	0.05
Multi-year variable	215	111	0,94	150	73	1.05
Extraordinary items	-	-	-	-	-	-
Pension expense	6	6	-	6	6	-
Total remuneration	**891**	**747**	**0,19**	**609**	**515**	**0,18**
Proportion fixed	51%	57%		50%	57%	
Proportion variable	49%	43%		50%	43%	

Amounts in euro thousands unless indicated otherwise	**2019**	2018	2017	2016	2015
Directors remuneration (on a full-time equivalent basis)					
J.G. Maes - CEO	891	747	638	n.v.t.	n.v.t.
J.W. den Otter - CFO	609	515	435	459	n.v.t.
S. Breedveld - CEO (until 01.04.2017)	n.v.t.	n.v.t.	792	942	615
J. Poots-Bijl - CFO (until 19.09.2016)	n.v.t.	n.v.t.	n.v.t.	987	535
Company performance					
Revenue (in euro mln)	372.3	358.5	342.0	343.6	348.3
Net result (in euro mln)	14.9	6.9	3.1	1.0	-3.2
Employee engagement score	7.1	7.1	6.8	6.8	6.5
Average remuneration (on a full-time equivalent basis)					
Directors of the company	750	631	565	888	575
Employees of the company	71	72	72	71	70
Pay ratio	10,6	8,7	7,9	12,5	8,2

Developments in remuneration

In accordance with article 2:135b section 2 sub e of the Dutch Civil Code, the table below shows the annual changes in the remuneration of the individual Management Board members over the past five financial years, the average remuneration of employees of the Company over the past five financial years on the basis of a full-time working week, and the development in the Company's performance based on the following KPIs: revenue, net profit and employee engagement. These targets were selected on the basis of their relevance in recent years and because they facilitate consistent reporting and comparison across the aforementioned years.

The amounts in the table below have been extrapolated and are presented on an annual (total) basis.

Pay ratio

To promote consistent internal pay ratios and pursuant to best practice provision 3.4.1 sub iv of the Dutch Corporate Governance Code, the pay ratio between the Management Board and other employees in the Ordina Group is published in the remuneration report. The pay ratio for the Management Board in 2019 was 10.6 (2018: 8.72). This pay ratio was higher when compared with the previous year. This was partly due to the relatively high(er) inflow of young professionals, which put pressure on the remuneration paid to other employees, and partly due to the higher (long-term) variable bonus of the members of the Management Board in 2019.

This pay ratio is calculated by dividing the average costs of the Management Board in 2019 by the average costs per employee for the entire Ordina Group, excluding the Management Board members.

Remuneration Supervisory Board

The aim of the remuneration policy is to enable Ordina to attract good supervisory directors. In accordance with best practice provision 3.3.1 of the Dutch Corporate Governance Code, the remuneration of the supervisory directors will reflect the time dedicated by and the responsibilities of said supervisory directors.

The remuneration for the Supervisory Board is not dependent on the Company's performance. Remuneration is paid in line with the prevailing remuneration policy as adopted by the General Meeting of Shareholders of 26 April 2018. In line with that policy, the fixed remuneration for a member of the Supervisory Board was EUR 40,000 in 2019. The remuneration for the chair of the Supervisory Board was EUR 60,000 in the year under review. In addition to the above remuneration, the chairs and members of the audit and RNH committees received an annual stipend of EUR 7,500 and EUR 5,000 respectively.

No personal loans, advances or sureties were issued for the benefit of members of the Supervisory Board.

The Company has drawn up regulations pertaining to holdings and transactions of shares by members of the Supervisory Board and Management Board. These regulations are part of the Insider trading regulations of Ordina N.V., which are available on the Ordina website in the Corporate Governance section. At year-end 2019, members of the Supervisory Board held 14,460,967 shares in Ordina N.V. (year-end 2018: 14,460,967 shares). The distribution across the members of the Supervisory Board was as follows:

Shares held by the members of the Management Board

(In euro thousands)	**2019**	2018	2017	2016	2015
J. van Hall, chairman (appointed per 1 January 2019)	65	n.a.	n.a.	n.a.	n.a.
J.G. van der Werf, chairman (resigned per 26 April 2018)	n.a.	20	57	57	20
C. Princen, vice chairman (appointed per 26 April 2018)	47	44	n.a.	n.a.	n.a.
P.G. Boumeester, vice chairman (resigned per 4 May 2019)	12	48	43	43	40
D.J. Anbeek	48	48	43	43	40
A. Kregting (resigned per 1 January 2019)	n.v.t.	45	40	40	39
J. Niessen	45	45	40	40	4
Total	**217**	**250**	**223**	**223**	**177**

Remuneration Supervisory Board

	2019	2018
J. van Hall, chairman	-	n.a.
C. Princen, vice chairman	-	-
P.G. Boumeester, vice chairman	n.a.	-
D.J. Anbeek	35.000	35.000
A. Kregting	n.a.	-
J. Niessen (held through Mont Cervin S.a.r.l.)	14.425.967	14.425.967
Total	**14.460.967**	**14.460.967**

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 of the articles of association on appropriation of profits

If any financial statements submitted by the Supervisory Board and adopted by the General Meeting should disclose that a profit has been made in the year under review, the General Meeting 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 14.9 million. The net earnings per share (EPS) amounted to EUR 0.16. The company will submit a proposal to the General Meeting, proposing the payment of a cash dividend of 9.5 euro cents per share to be charged to the net profit for 2019. The remaining net profit will be added to the general reserves.

Purchase of treasury shares

The Annual General Meeting held on 4 April 2019 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 4 April 2019. The treasury shares will be purchased on the stock exchange or otherwise, up to a maximum of 10% of the issued capital as at 4 April 2019 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 16 of the financial statements on page 135. 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.

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Consolidated balance sheet as at 31 December (before appropiation of profit)

(In euro thousands)	Notes	**2019**	2018
Assets			
Non-current assets			
Intangible assets	8	129,751	130,370
Right-of-use assets	9	37,046	-
Property, plant and equipment	10	4,376	4,871
Investments in associates	11	340	364
Deferred income tax assets	12	14,233	15,177
Total non-current assets		**185,746**	**150,782**
Total current assets			
Transition costs	13	-	8
Trade receivables and other short-term assets	15	67,427	64,100
Cash and cash equivalents	16	24,649	18,488
Total current assets		**92,076**	**82,596**
Total assets		**277,822**	**233,378**

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

Consolidated balance sheet as at 31 December (before appropiation of profit) (continued)

(In euro thousands)	Notes	**2019**	2018
Equity and liabilities			
Equity			
Paid-up and called-up share capital	17	9,326	9,326
Share premium reserve	18	136,219	136,219
Retained earnings	18	3,077	612
Profit for the year	18	14,875	6,873
Total equity		**163,497**	**153,030**
Liabilities			
Non-current liabilities			
Employee related provisions	20	1,083	875
Lease liabilities	9	28,289	-
Total non-current liabilities		**29,372**	**875**
Current liabilities			
Lease liabilities	9	9,822	-
Other provisions	21	867	365
Trade payables and other short-term liabilities	22	72,657	74,454
Current tax payable		1,607	4,654
Total current liabilities		**84,953**	**79,473**
Total liabilities		**114,325**	**80,348**
Total equity and liabilities		**277,822**	**233,378**

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

Consolidated income statement

(in euro thousands)	Notes	2019	2018
Revenue from contracts with customers	6	**372,259**	**358,522**
Operating expenses			
Cost of hardware, software and other direct costs		4,462	5,262
Work contracted out		99,502	96,508
Personnel expenses	23	217,116	219,731
Amortisation	8	1,455	1,648
Depreciation right-of-use assets	9	10,866	-
Depreciation tangible fixed assets	10	2,409	2,473
Other operating expenses	24	14,493	18,360
Total operating expenses		**350,303**	**343,982**
Operating profit		**21,956**	**14,540**
Finance income	-	-	-
Finance costs - other		-153	-236
Finance costs - lease liabilities	-	-972	-
Finance costs - net	25	**-1,125**	**-236**
Share of profit of associates	11	-23	-7
Net profit for the year		**20,808**	**14,297**
Income tax expense	26	-5,933	-7,424
Net profit for the year		**14,875**	**6,873**
Net profit is attributable to:			
Shareholders of the company		14,875	6,873
Net profit for the year		**14,875**	**6,873**

(In euro's)	Notes	2019	2018
Earnings per share - basic	27	**0.16**	**0.07**
Earnings per share - diluted	27	**0.16**	**0.07**

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

Consolidated statement of comprehensive income

(in euro thousands)	Notes	**2019**	2018
Profit for the year	18	14,875	6,873
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains and losses on defined benefit plans	18/20	-219	-5
Tax on items taken directly to or transferred from equity	18/12	58	1
Other comprehensive income for the year, net of tax		**-161**	**-4**
Total comprehensive income for the year		**14,714**	**6,869**
Total comprehensive income for the year is attributable to:			
Shareholders of the company		14,714	6,869
Total comprehensive income for the year		**14,714**	**6,869**

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

Consolidated statement of changes in equity

		2019					2018				
(in euro thousands)	Notes	Issued capital	Share premium reserve	Retained earnings	Profit for the year	Total	Issued capital	Share premium reserve	Retained earnings	Profit for the year	Total
Closing balance previous year		**9,326**	**136,219**	**612**	**6,873**	**153,030**	**9,326**	**136,219**	**-879**	**3,110**	**147,776**
First time adoption new IFRS's	2	-	-	-276	-	-276	-	-	-57	-2	-59
At 1 January		**9,326**	**136,219**	**336**	**6,873**	**152,754**	**9,326**	**136,219**	**-936**	**3,108**	**147,717**
Profit for the year	18	-	-	-	14,875	14,875	-	-	-	6,873	6,873
Other comprehensive income											
Actuarial gains and losses	12/18/20	-	-	-161	-	-161	-	-	-4	-	-4
Total comprehensive income for the year		**-**	**-**	**-161**	**14,875**	**14,714**	**-**	**-**	**-4**	**6,873**	**6,869**
Transactions with owners											
Appropriation of profit previous year	18/27	-	-	6,873	-6,873	-	-	-	3,108	-3,108	-
Dividend distribution	18/28	-	-	-4,663	-	-4,663	-	-	-1,865	-	-1,865
Share based payments - treasury shares settlement	17/18	-	-	-91	-	-91	-	-	-52	-	-52
Share-based payments - personnel expenses	18/23	-	-	783	-	783	-	-	361	-	361
Total transactions with owners		**-**	**-**	**2,902**	**-6,873**	**-3,971**	**-**	**-**	**1,552**	**-3,108**	**-1,556**
At 31 December		**9,326**	**136,219**	**3,077**	**14,875**	**163,497**	**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 cashflows

(in euro thousands)	Notes	**2019**	2018
Cash flows from operating activities			
Net profit for the year		14,875	6,873
Adjustments for			
Finance costs -net / other	25	153	236
Finance costs -net / lease liabilities		972	-
Share of profit of associates	11	24	7
Taxes	26	5,933	7,424
		7,082	**7,667**
Operating profit		**21,957**	**14,540**
Adjustments for			
Amortisation	8	1,455	1,648
Depreciation right-of-use assets	9	10,866	-
Depreciation tangible fixed assets	10	2,409	2,473
Share-based payments	17/18/23/32	783	361
		15,513	**4,482**
Cash generated from operations profit before changes in working capital and provisions		**37,470**	**19,022**
Movements in transition costs		8	115
Movements in receivables		-3,327	-496
Movements in current liabilities and provisions		-324	-1,787
Movements in long term provisions		-11	-9
		-3,654	**-2,177**
Cash generated from operations		**33,816**	**16,845**
Interest paid		-1,072	-623
Income taxes paid	7	-7,631	-3,927
Net cash from operating activities		**25,113**	**12,295**

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

Consolidated statement of cashflows (continued)

(in euro thousands)	Notes	**2019**	2018
Cash flows from investing activities			
Purchases of intangible assets	8	-872	-186
Purchases of property, plant and equipment	10	-1,884	-2,663
Divestment of intangible asstes	8	-	-
Divestment of property, plant and equipment	10	19	70
Net cash used in investing activities		**-2,737**	**-2,779**
Cash flows from financing activities			
Lease payments	9	-11,461	-
Settlement of share based payment	17/18	-91	-52
Dividend distribution to shareholders	18/28	-4,663	-1,865
Net cash used in financing activities		**-16,215**	**-1,917**
Net movement in cash and cash equivalents		**6,161**	**7,599**

(in euro thousands)	**2019**	2018
Net movement in cash and cash equivalents	6,161	7,599
Cash and cash equivalents at beginning of year	18,488	10,889
Cash and cash equivalents at end of year	**24,649**	**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 local 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 2019 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 12 February 2020 and the statements were discussed in the Supervisory Board meeting of 12 February 2020. They will be submitted for adoption to the Annual General Meeting on 2 April 2020. The Supervisory Board also approved their publication on 12 February 2020.

Ordina N.V. shares 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.

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 2019 the application of other new and amended standards and interpretations had no material impact on Ordina's equity and results and the explanatory notes 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 2019. As aspected these new standards will not have a material impact on Ordina's equity and results and the explanatory notes in the financial statements.

With effect from 1 January 2019, the group applied the standard IFRS 16 'Leases' for the first time. Below you will find an explanation of the impact of the application of IFRS 16.

IFRS 16, 'Leases'

IFRS 16 replaces IAS 17 'Leases': The standard includes guidelines for the accounting, measurement, presentation and explanation of lease contracts. On the basis of this standard, when accounting for lease contracts lessees no longer make any distinction between lease contracts that qualify as operational leases and lease contracts that qualify as financial leases. The standard came into effect on 1 January 2019.

Ordina used the modified retrospective approach in its initial application of IFRS 16, with 1 January 2019 as the initial application date. When accounting for leases using this method, the standard is applied retrospectively, with the cumulative effect of the initial application determined on the transition date being accounted for in equity. Comparative figures for previous periods are not adjusted. In the transition, Ordina opted to make use of the exception for lease contracts with a remaining term of less than 12 months on the initial application date, as well as for lease contracts with little underlying value.

The impact of the initial application of IFRS 16 was as follows:

(In euro thousands)	**1 January 2019**
Assets	
Non-current assets	
Right-of-use assets	34,436
Deferred income tax assets	347
Total non-current assets	**34,783**
Total assets	**34,783**

(In euro thousands)	**1 January 2019**
Equity and liabilities	
Equity	
Retained earnings	-276
Total equity	**-276**
Liabilities	
Non-current liabilities	
Lease liabilities	27,133
Total non-current liabilities	**27,133**
Current liabilities	
Lease liabilities	8,963
Trade payables and other short term liabilities	-1,037
Total current liabilities	**7,926**
Total liabilities	**35,059**
Total equity and liabilities	**34,783**

Upon initial application of IFRS 16, Ordina used a uniform method of accounting and measurement for all leases. The standard includes specific transition requirements and practical exemptions.

Leases that previously qualified as financial leases
As per 1 January 2019, Ordina had no financial lease contracts.

Leases that were previously accounted for as operational leases
As per 1 January 2019, Ordina had a large number of operational rental leases and car lease contracts. With respect to these leases, as per 1 January 2019, Ordina recognises a right of use and a lease liability. The right of use and the lease liability are determined on the basis of the cash value of the remaining lease payments as per 1 January 2019. In a number of cases, the right of use was determined on the basis of the assumption that IFRS 16 had been applied from the commencement of the leases in question. The aforesaid calculation takes into account the incremental interest rate on the transition date. The incremental interest rate percentages, as applied on 1 January 2019, are determined on the basis of the underlying assets and the term of the lease contracts in question and vary between 1.5% and 3.0%.

Ordina also applied the following practical exemptions:
- The use of the same interest rate percentage for a portfolio of leases with more or less the same properties;
- Impairment analysis based on the assessment of whether a lease is loss-making immediately prior to the initial application;
- The use of the exemption for leases with a term of less than 12 months after the initial application date;
- The exclusion of initial direct costs (insofar as applicable) when determining the right of use on the date of initial application;
- The use of up-to-date information when assessing options regarding the extension or early terminations of lease contracts.

On the basis of the above-mentioned premises, the impact on Ordina's financial position as per 1 January 2019 was as follows (rounded off to the nearest million euro):
- The recognition of a fixed asset/right of use of approximately EUR 34.4 million;
- An increase of approximately EUR 3.0 million in deferred tax assets;
- The recognition of a lease liability of approximately EUR 36.1 million;
- A reduction in other current liabilities of approximately EUR 1.0 million, as the straight line recognition of rent-free periods in operational lease costs during the term of the lease no longer applies;
- A decline in equity (retained profits) of approximately EUR 0.3 million.

The connection between operational lease liabilities as per 31 December 2018 and the lease liabilities under application of IFRS 16 as per 1 January 2019 can be explained as follows:

(in euro thousands)	
Operating lease commitments as at 31 December 2018	52,750
Less: Commitments related to service components	-10,344
Less: Commitments related to contracts not yet started as at 31 December 2018	-5,238
Add: Commitments related to renewal periods not included in operating lease	2,277
	39,445
Less: Discounting commitments	-3,349
Lease liabilities as at 1 January 2019	**36,096**
Weighted average incremental borrowing rate as at 1 January 2019	2.69%

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 2018 and 2019 are wholly owned by Ordina. Consequently, there is no third party non-controlling interest.

The cost price 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.

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.

Other 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. Intangible assets

2.5.1. 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) use 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'.

2.5.2. 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.

2.5.3. Amortisation of intangible assets

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 years
- brand names: 2-3 years
- customer lists: 5 years
- contract portfolios: 1-2 years

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

2.6. Leases

2.6.1. Right-of-use assets

Ordina recognises a right of use at the moment it enters into a lease contract and the asset in question is actively available for use. The right of use is measured at cost price, less cumulative depreciation and impairments, and corrected for adjustments as a result of the remeasurement of the lease liability. The carrying amount of the right of use comprises the amount of the recognised lease liability, initial direct costs related to the lease and lease payments made prior to or at the moment Ordina enters into the lease, less possible lease incentives. Rights of use are depreciated using the straight line method over the useful life of the asset or, if shorter, the term of the lease contract, if it is not reasonably certain that Ordina will gain ownership of the leased asset at the end of the lease term. The lease contracts that Ordina enters into do not include a purchase option that can be exercised with any reasonable degree of certainty. Rights of use are assessed for impairment.

2.6.2. Lease liabilities

At the moment it enters into a lease contract, Ordina recognises a lease liability on the basis of the cash value of the future lease payments during the term of the lease. The lease payments comprise fixed lease payments, any incentives to be received and variable lease payments that depend on an index or rate.

If it is not possible to determine the interest rate, the cash value is calculated on the basis of an incremental interest rate on the commencement date of the contract, which is determined on the basis of the underlying asset and the term of the lease contract in question. Following the commencement of the lease contract, the lease liability is calculated plus interest and less the lease installments already paid. In addition to this, the lease liability is adjusted if there is any reassessment of the contract, adjustment of the term or changes

to lease payments (for instance, changes in future payments as a result of an index or tariff). Interest related to the increase in the lease liability is charged to the result under financing expenses.

2.6.3. Short-term leases and low-value leases

When appropriate, Ordina makes use of the exemption for leases with a term of less than 12 months. These leases have a term of less than 12 months from the commencement date and do not include a purchase option. Ordina also applies the exception for leases with a low value (less than EUR 5,000). Lease payments related to short-term leases or leases with a low value are charged directly to the income statement evenly distributed over the term of the lease.

2.6.4. Significant estimates and assumptions when assessing options to extend a lease

Ordina views the term of the lease contract as the non-cancellable lease term, in conjunction with any potential option to extend the lease. Ordina has various lease contracts that include an extension option. Any measurement takes into account the extension option, in so far as it is reasonably certain that Ordina will make use of the extension option. When assessing whether to make use of the option, Ordina takes into account all relevant factors to realise an economic advantage from a potential extension. Ordina assesses whether it will make use of extension options at the commencement of the lease contract and subsequently each time there is a reason for such an assessment. Ordina has taken extension options into account for several rental contracts. A contract extension is judged to be reasonably certain for these contracts. The term of the extension options included in rental contracts varies between three and five years. Ordina does not take into account any extension options in the case of contracts for lease cars, as Ordina's policy is in principle to never allow car lease contracts to run for more than four years, regardless of any potential extension options.

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

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 years
- Fixtures and fittings: 3-5 years
- Building alterations: 2-15 years

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.

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 the transaction price 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 current 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. A contract asset is recognised if this right to payment arises before the client makes this payment or before payment is due. Contract assets are recognised under other current 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. If the contract obligations for current projects exceed the sum of the costs incurred and gains realised, the balance of these projects is recognised under current 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 recognised as bank debts under current 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, 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 General Meeting 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 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 senior 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 2.15.1.2, 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.

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 current liabilities

Trade payables and other current 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, there is generally no question of a financing element. 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.

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 sufficiently reliable estimate of the progress of the activities, the activities result in an asset that is controlled by the client during the activities, the activities result in an asset for which there is no alternative use, and Ordina has an enforceable right to remuneration for the services already provided. In the case of fixed-rate projects, Ordina recognises revenue on the ratio between actual costs en 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, licenses 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

Lease payments are primarily recognised in line with note 2.6 Leases. Lease payments that do not qualify as leases under the application of IFRS 16 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 lease liabilities is also recognised under financing costs (see note 2.6.2).

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. The cash flow statement distinguishes between cash flows from operating activities and investment and financing activities.

Net cash flows from operating activities include income and expenses before taxes, as well as interest received and paid (including interest payments related to lease liabilities).

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 interests.

Lease payments (excluding the interest component) and dividends paid out are recognised 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 falls under the responsibility of the Management Board and encompasses more than just financial risks. Risk management 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 within Ordina. Risk management policies and systems are evaluated regularly and if necessary adjusted to changes in market conditions and Ordina's activities.

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.

With the exception of its lease liabilities under the application of IFRS 16 Leases, at year-end 2019 and 2018, 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. In the financing agreement extended in July 2019, this fixed margin was lowered to 0.7% from 1.0%. The term to maturity of the current borrowings fluctuates depending on cash requirements and ranges between one and three months.

In 2019, Ordina made very limited use of the short-term borrowings in its financing facility. If a sensitivity analysis had resulted in an assumed increase in the floating rate of interest of on average 1.0%, this would have resulted in a very limited increase in financing expenses.

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 2019 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 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 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 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 15 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 2019. 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.
Ordina has centralised its cash management, using the centrally managed financing facility Ordina closed in July 2019. At year-end 2019, Ordina was able to draw on a committed facility of EUR 30.0 million in total. The committed facility consists entirely of a current account credit facility of EUR 30 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. For information on the available credit facilities and the applicable covenants, we refer you to note 16 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.

	2019				2018			
	Carrying amount	Maturity date			Carrying amount	Maturity date		
		< 1 year	within 1 to 2 year	> 2 year		< 1 year	within 1 to 2 year	> 2 year
At 31 December								
Borrowings	-	-	-	-	-	-	-	-
Lease payments	-40,621	-10,605	-8,206	-21,810	-	-	-	-
Trade and other payables	-60,835	-60,835	-	-	-52,076	-52,076	-	-

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 gearing ratio stood at around 59% at year-end 2019 (year-end 2018: around 66%). The decline in solvency compared with year-end 2018 was largely due to the increase of approximately EUR 45 million in the balance sheet total, to EUR 278 million at year-end 2019 from EUR 233 million at year-end 2018. This increase was largely due to the application of IFRS 16 Leases.

Any impairment of goodwill has a major impact on the gearing ratio. If it is assumed in the context of a sensitivity analysis that there will be an impairment of 20%, the gearing ratio stood at around 55% at year-end 2019. Ordina considers a gearing ratio (ratio of shareholders equity to the balance sheet total excluding goodwill) of 25% as a responsible minimum. Excluding goodwill, the gearing ratio stood at more than 25% at year-end 2019 (year-end 2018: around 26%).

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 the (groups of) cash-generating units, Ordina tests at least once a year for impairment of goodwill attributed to the relevant (groups of) cash-generating units (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 8.5.

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 its 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.

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 12.

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.

	2019	2018
Revenu by markets		
Public	145,906	136,865
Finance	105,376	102,111
Industry	96,226	97,278
Healthcare	24,751	22,268
Total	**372,259**	**358,522**

Revenue in the public and financial services sector is largely realised in the Netherlands. The biggest part of revenue in the healthcare sector is realised in Belgium/Luxembourg. Revenue in the industry sector is approximately equally devided over the Netherlands and Belgium/Luxembourg.

	2019			2018		
	the Netherlands	Belgium / Luxembourg	Total	the Netherlands	Belgium / Luxembourg	Total
Type of goods or services						
Sale of hardware and software	269	462	731	491	1,969	2,460
IT services	258,382	113,146	371,528	255,932	100,130	356,062
Total revenue from contracts with customers	**258,651**	**113,608**	**372,259**	**256,423**	**102,099**	**358,522**
Timing of revenue recognition						
Goods transferred at a point in time	525	267	792	645	1,856	2,501
Services transferred over time	258,126	113,341	371,467	255,778	100,243	356,021
Total revenue from contracts with customers	**258,651**	**113,608**	**372,259**	**256,423**	**102,099**	**358,522**

6.2. Balance sheet positions related to contracts with customers

The balance sheet positions related to contracts with customers can be specified as follows:

	31 December 2019	31 December 2018
Trade receivables - net	40,619	38,151
Unbilled receivables	17,264	16,699
Contract assets	5,582	5,263
Contract liabilities	5,345	4,730

The trade receivables are non-interest-bearing and are subject to payment terms varying from 20 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 2019, Ordina recognised a provision for expected credit losses on trade receivables, unbilled revenue and contract assets of around EUR 0.6 million (year-end 2018: circa EUR 0.6 million).

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. Revenue will be recognised at the moment that Ordina has met its contractual obligations. All contract obligations recognised at year-end 2018 resulted in revenue in 2019.

6.3. Delivery obligations

IT services

The delivery obligation is met over time. The payment term generally varies from 20 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/or software

The delivery obligation is met at the moment the hardware and/or software is delivered. The payment term generally varies from 20 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.

The Management Board's assessment of the segments from a financial perspective focuses 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.

7.1. Segment information

The segment information can be specified as follows:

	2019			2018		
	the Netherlands	Belgium / Luxembourg	Total	the Netherlands	Belgium / Luxembourg	Total
Total segment revenue	261,807	117,127	378,934	259,164	103,704	362,868
Inter-segment revenue	-3,156	-3,519	-6,675	-2,741	-1,605	-4,346
Revenue from contracts with customers	**258,651**	**113,608**	**372,259**	**256,423**	**102,099**	**358,522**
EBITDA	**20,051**	**16,635**	**36,686**	**6,512**	**12,149**	**18,661**
Amortisation	-1,455	-	-1,455	-1,648	-	-1,648
Depreciation right-of-use assets	-7,406	-3,460	-10,866	-	-	-
Depreciation tangible fixed assets	-1,878	-531	-2,409	-1,958	-515	-2,473
Operating profit	**9,312**	**12,644**	**21,956**	**2,906**	**11,634**	**14,540**
Finance costs – net	-892	-233	-1,125	-252	16	-236
Share of profit of associates	-23	-	-23	-7	-	-7
Profit before tax	**8,397**	**12,411**	**20,808**	**2,647**	**11,650**	**14,297**
Income tax expense	-1,361	-4,572	-5,933	-3,078	-4,346	-7,424
Profit for the year	**7,036**	**7,839**	**14,875**	**-431**	**7,304**	**6,873**

One Dutch client accounted for more than 10% of total revenue in 2019. The revenue generated from this client was approximately EUR 56.3 million (2018: revenue of approximately EUR 56.6 million). Six other clients together accounted for more than 20% of total revenue.

The increase in EBITDA is mainly due to the application of IFRS 16 Leases. The EBITDA for 2019 without application of IFRS 16 (for comparison purposes) amounts to EUR 25.1 million.

The assets and liabilities can be specified as follows:

	31 December 2019					31 December 2018				
	the Netherlands	Belgium / Luxembourg	Total	Eliminations	Consolidated	the Netherlands	Belgium / Luxembourg	Total	Eliminations	Consolidated
Total assets	265,574	88,802	354,376	-76,554	277,822	227,657	71,430	299,087	-65,709	233,378
Total liabilities	102,077	36,873	138,950	-24,625	114,325	74,627	27,348	101,975	-21,627	80,348

Other segment information can be specified as follows:

		2019			2018		
	Toelichting	the Netherlands	Belgium / Luxembourg	Total	the Netherlands	Belgium / Luxembourg	Total
Carrying amount at year end of intangible assets	8	111,989	17,762	129,751	113,228	17,142	130,370
Carrying amount at year end of right-of-use assets	9	28,161	8,885	37,046	-	-	-
Carrying amount at year end of tangible assets	10	3,102	1,274	4,376	3,580	1,291	4,871
Carrying amount at year end of financial fixed assets	11/12	14,355	218	14,573	15,416	125	15,541
Purchases of intangible assets	8	216	620	836	222	-	222
Purchases of right-of-use assets	9	8,937	4,539	13,476	-	-	-
Purchases of property, plant and equipment	10	1,408	525	1,933	1,640	815	2,455
Amortisation	8	1,455	-	1,455	1,648	-	1,648
Depreciation right-of-use assets	9	7,406	3,460	10,866	-	-	-
Depreciation tangible fixed assets	10	1,878	531	2,409	1,958	515	2,473
Income tax recognised in income statement	26	1,361	4,572	5,933	3,078	4,346	7,424
Income tax paid in reporting period		-	7,631	7,631	-	3,927	3,927

8. Intangible assets

This item can be specified as follows:

	2019			2018		
	Goodwill	Software	Total	Goodwill	Software	Total
At 1 January						
Cost	192,816	14,788	207,604	192,816	15,903	208,719
Accumulated amortisation and impairments	-68,321	-8,913	-77,234	-68,321	-8,602	-76,923
Carrying amount at 1 January	**124,495**	**5,875**	**130,370**	**124,495**	**7,301**	**131,796**
Movements in carrying amount						
Additions	-	373	373	-	148	148
Internally generated	-	463	463	-	74	74
Amortisation	-	-1,455	-1,455	-	-1,648	-1,648
Disposals	-	-	-	-	-	-
Carrying amount at 31 December	**124,495**	**5,256**	**129,751**	**124,495**	**5,875**	**130,370**
At 31 December						
Cost	192,816	15,222	208,038	192,816	14,788	207,604
Accumulated amortisation and impairments	-68,321	-9,966	-78,287	-68,321	-8,913	-77,234
Carrying amount at 31 December	**124,495**	**5,256**	**129,751**	**124,495**	**5,875**	**130,370**
Of which internally generated	-	2,349	2,349	-	2,517	2,517

8.1. Investments and disposals

Total investments in intangible fixed assets were primarily related to the IT applications. This investment was developed partly in-house. EUR 0.2 million of the total investment of EUR 0.8 million was made in the Netherlands, and the remaining investment of EUR 0.6 million was made in Belgium/ Luxembourg. With effect from 1 January 2015, Ordina the Netherlands took a new ERP application into operation. The ERP application will be amortised over a period of seven years.

In 2019, Ordina fully depreciated decommissioned assets with an initial investment value of around EUR 0.4 million (2018: around EUR 1.3 million).

8.2. Impairment and reversal of impairment losses

In 2019 and 2018, Ordina recognised no impairment on intangible assets.

Ordina did not reverse any prior-year impairment losses on intangible assets in 2019 and 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.

	2019	2018
the Netherlands	107,353	107,353
Belgium/Luxembourg	17,142	17,142
Total	**124,495**	**124,495**

8.4 Software

The carrying value of software amounted to EUR 5.3 million at year-end 2018 (year-end 2018: EUR 5.9 million). This carrying amount at year-end 2019 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. 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 2.5 and 2.13 and note 5.1). Goodwill is monitored at the level of and allocated to the segments the Netherlands and Belgium/Luxembourg. 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.

The impairment test at year-end 2019 was carried out on the basis of the information prior to the application of IFRS 16, so the outcome is comparable to the outcome for previous years. The impact of IFRS 16 on the impairment test is explained in more detail below.

These five-year projections include estimates related to revenue growth, direct and indirect costs, as well as assumptions regarding developments in investments and working capital. The annual revenue growth in the five-year projections differs per segment, and for the Netherlands varies from around negative 1.5% to around 1.4% (2018: 1.0% to around 2.9%) and for Belgium/Luxembourg from around 1.0% to around 8.1% (2018: 1.0% to around 6.6%). The average annual revenue growth in the five-year projection amounts to around 0.6% for the Netherlands (2018: around 1.5%) and around 2.6% for Belgium/Luxembourg (2018: around 2.5%).

The average annual EBITDA margin in the five-year projections amounts to around 6.4% for the Netherlands (2018: around 6.4%) and around 9.2% for Belgium/Luxembourg (2018: around 9.6%). The EBITDA margin for the years after 2024 in the five-year projections amounts to around 6.9% for the Netherlands (2018: around 6.8%) and around 9.0% for Belgium/Luxembourg (2018: around 9.5%). The useful life upon which cash flows are discounted is indefinite in principle. At year-end 2019, Ordina used an estimated forward growth rate of 1.0% (2018: 1.0%).

Future cash flows are discounted on a post-tax basis at an interest rate specific to each segment. At year-end 2019, the discount rate for the Netherlands stood at 8.3% (year-end 2018: 8.5%) and 8.9% for Belgium/Luxembourg (year-end 2018: 9.2%). The discount rate before taxes, on the basis of the applicable percentage at year-end 2019, stood at 10.4% for the Netherlands (2018: 10.5%) and 11.7% for Belgium/Luxembourg (2018: 12.8 %).

Based on the chosen assumptions, the impairment test we conducted did not lead to an impairment at year-end 2019. The carrying amount, value in use

and the headroom per segment to which goodwill is allocated at year-end 2019 were as follows:

(in euro millions)	Carrying amount	Value in use	Headroom
the Netherlands	99.0	142.3	43.3
Belgium/Luxembourg	52.1	130.7	78.6

In addition to this impairment test executed at year-end 2019, 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 sensitivity analysis did not result in an impairment for any of the segments. The table below shows the remaining headroom of the segments in question on the basis of this sensitivity analysis.

(in euro millions)	the Netherlands	Belgium / Luxembourg
Decline EBITDA margin		
-0.25%	36.2	75.6
-0.50%	29.1	72.5

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 of the segments in question on the basis of this sensitivity analysis.

(in euro millions)	Disconteringsvoet na belastingen			
the Netherlands	8.3%	8.8%	9.3%	9.8%
Terminal growth				
0.5%	35.3	26.4	18.6	11.5
0.0%	28.3	20.3	13.1	6.7
Belgium/Luxembourg	8.9%	9.4%	9.9%	10.4%
Terminal growth				
0.5%	74.2	68.8	63.9	59.6
0.0%	70.3	65.4	60.9	56.9

We also compared the outcome of the impairment test with Ordina's stock exchange valuation. At year-end 2019, the value in use was approximately 49% higher than the stock exchange valuation (year-end 2018: around 89%). A value in use that is higher than the stock exchange valuation is not unusual due to the control premium. Due to the positive movement in Ordina's share price, the discrepancy at year-end 2019 was much lower than at year-end 2018. The discrepancy at year-end 2019 was at the upper end of 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 2019. In the Netherlands in particular, we saw a strong rise in operating result in 2019, compared with 2018. This development gives us confidence regarding the long-term value development of the company.

The introduction of IFRS 16 led to a number of changes in the qualification of items in the balance sheet, in the income statement and the statement of cash flows. In this context, we refer to the impact of the application of new accounting standards (note 2.1). The application of IFRS 16 has an impact on how the impairment test must be carried out, to the effect that the value in use is calculated on the basis of the discounted free cash flows. The discount rate is a significant factor in the calculation of the cash value of the cash flows. Due to the lack of historical data required to determine the discount

rate, it was not possible at year-end 2019 to reliably determine the discount rate after the application of IFRS 16. Ordina believes that the impairment test carried out before the application of IFRS 16 provides the most reliable representation, in which all parameters within the impairment test are drawn up on a uniform basis. An impairment test including the application of IFRS 16 requires additional assumptions, which result in uncertainties in the calculation. Ordina will continue to monitor the developments with respect to impairment testing after the application of IFRS 16 and will apply same as soon as it is possible to reliably determine all the required components.

Based on the available information Ordina carried out an imparment test including the application of IFRS 16 at which the right-of-use assets and lease obligations were added to carrying amount. Adjustments were made in the income statement and cash flows calculating the value in use. Also an adjustment is made to the discount rate taking into account the change in the debt to equity ratio. Future cash flows post-IFRS 16 are discounted on a post-tax bases at an interest rate of 8.2% for the Netherlands and 8.8% for Belgium/Luxembourg. The pre-tax interest rate stood at 10.2% for the Netherlands and 11.6% for Belgium/Luxembourg. The average EBITDA margin in the five-year projections amounts to around 9.7% for the Netherlands and around 12.4% for Belgium/Luxembourg. The EBITDA margin for the years after 2024 in the five-year projections amounts to around 10.2% for the Netherlands and around 12.2% for Belgium/Luxembourg. All other assumptions used in the post-IFRS 16 impairment test are equal to the assumptions used in de pre-IFRS 16 impairment test. The carrying amount, value in use and the headroom per segment to which goodwill is allocated at year end based on the post-IFRS 16 impairment test were as follows:

(in euro millions)	Carrying amount	Value in use	Headroom
the Netherlands	97.9	142.3	44.4
Belgium/Luxembourg	51.8	131.8	80.0

Based on the chosen assumptions the results of post-IFRS 16 impairment test, including sensitivity analysis, are in line with the pre-IFRS 16 impairment test as explained above.

9. Leases

Rights of use are related to lease contracts. The introduction of IFRS 16 Leases, which became mandatory on 1 January 2019, results in the recognition of a right of use and a lease liability. Recognised right-of-use assets are depreciated over the life of the underlying contracts.

Ordina has various lease contracts pertaining to the lease of property and the use of equipment and lease cars. The term of the lease contracts generally varies from three to five years. The rental contract for the offices in Nieuwegein ends on 31 March 2028. The term of contracts for lease cars generally varies from 36 to 48 months.

Ordina also has lease contracts with a term of less than 12 months, as well as lease contracts related to underlying assets with a low value. Ordina applies the exemption for lease contracts with a term of less than 12 months upon commencement, as well as the exemption for lease contracts related to underlying assets with a low value.

Changes in rights of use were as follows:

	2019				2018			
	Buildings	Cars	Other equipment	Total	Buildings	Cars	Other equipment	Total
At 31 December previous reporting year	-	-	-	-	-	-	-	-
First adoption IFRS 16 Leases	23,985	10,451	-	34,436	-	-	-	-
Carrying amount at 1 January	**23,985**	**10,451**	**-**	**34,436**	**-**	**-**	**-**	**-**
Movements in carrying amount								
Investments in new contracts	424	11,674	663	12,761	-	-	-	-
Contract modifications	462	253	-	715	-	-	-	-
Amortisation	-3,688	-7,127	-51	-10,866	-	-	-	-
Carrying amount at 31 December	**21,183**	**15,251**	**612**	**37,046**	**-**	**-**	**-**	**-**

The lease liabilities can be specified as follows:

	2019	2018
Closing balance previous year	-	-
First time adoption IFRS 16 Leases	36,096	-
At 1 January	**36,096**	**-**
Investments in new contracts	12,761	-
Contract modifications	713	
Interest costs	972	-
Lease payments (including IFRS 16 interest)	-12,431	-
As at 31 December	**38,111**	**-**
Lease obligations - long term	28,289	-
Lease obligations - short term	9,822	-
Total	**38,111**	**-**

Lease liabilities are primarily related to operational lease and car lease contracts. The lease liabilities for other equipment pertain to operational lease contracts for printing equipment and other inventory. Until 2019, liabilities pertaining to operational lease contracts were recognised under commitments and contingencies. The application of IFRS 16, which became mandatory as of 1 January 2019, results in the recognition on the balance sheet of a right-of-use asset and a lease liability. During the term of the underlying contracts, the lease liability is calculated plus an interest component and less the lease payments already made. The redemption component of the lease payments is recognised in the item cash flow from financing activities. The financing component of the lease payments is recognised in the item cash flow from operational activities.

Of the total lease liabilities of EUR 38.1 million at year-end 2019 (see note 3.4) (start of 2019, upon first application of IFRS 16 Leases: EUR 36.1 million), around EUR 22.2 million pertains to rental lease contracts (start of 2019: EUR 25.6 million), around EUR 15.3 million pertains to car lease contracts (start of 2019: EUR 10.5 million), and around EUR 0.6 million pertains to other lease liabilities (start of 2019: nil). See note 4.3 for the future cash flows related to the lease liabilities.

With respect to lease contracts, Ordina has charged the following amounts to the result:

	2019	2018
Depreciation of right-of-use assets	10,866	-
Interest expenses on lease liabilities	972	-
Expense relating to short-term leases	1,081	-
Expense relating to low-value leases	94	-
Variable lease payments	50	-
Total	**13,063**	**-**

Total lease payments amounted to around EUR 13.7 million in 2019.

10. Property, plant and equipment

Changes in this item can be specified as follows:

	2019				2018			
	Equipment	Fixtures and fittings	Renovations	Total	Equipment	Fixtures and fittings	Renovations	Total
At 1 January								
Cost	12,888	1,702	6,350	20,940	13,191	1,691	6,207	21,089
Accumulated amortisation and impairments	-9,602	-1,466	-5,001	-16,069	-10,060	-1,485	-4,585	-16,130
Carrying amount at 1 January	**3,286**	**236**	**1,349**	**4,871**	**3,131**	**206**	**1,622**	**4,959**
Movements in carrying amount								
Additions	1,044	320	569	1,933	2,031	116	308	2,455
Amortisation	-1,667	-119	-642	-2,428	-1,876	-86	-581	-2,543
Disposals	-	-	-	-	-	-	-	-
Carrying amount at 31 December	**2,663**	**437**	**1,276**	**4,376**	**3,286**	**236**	**1,349**	**4,871**
At 31 December								
Cost	13,179	1,879	6,075	21,133	12,888	1,702	6,350	20,940
Accumulated amortisation and impairments	-10,516	-1,442	-4,799	-16,757	-9,602	-1,466	-5,001	-16,069
Carrying amount at 31 December	**2,663**	**437**	**1,276**	**4,376**	**3,286**	**236**	**1,349**	**4,871**

10.1. Investments and disposals

Investments in equipment in 2019 were primarily investments in replacements. Investments in inventory and renovations are largely associated with the renovation of the office location in Nieuwegein. Of the total investments, around EUR 0.5 million was related to our operations in Belgium and Luxembourg. (2018: EUR 0.8 million)

Ordina made no material disposals in 2019 and 2018.

In 2019, Ordina decommissioned fully depreciated assets with an original purchase value of around EUR 1.7 million (2018: around EUR 2.6 million).

10.2. Impairment and reversal of impairment losses

Ordina did not recognise any impairment losses on property, plant and equipment in 2019 or 2018. Ordina did not reverse any prior-year impairments on property, plant and equipment in 2019.

11. Associated companies

This item can be specified as follows:

	2019	2018
At 1 January	364	371
Additions	-	-
Share of profit and impairment of associates	-24	-7
Dividends	-	-
Disposals	-	-
At 31 December	**340**	**364**

Ordina had two associates at year-end 2019 and 2018: Quli B.V. (the Netherlands, 25.0% interest) and Passwerk CVBA (Belgium, 37.3% interest).

The negative results from participations in both 2019 and 2018 was entirely due to Quli B.V. Ordina did not recognise any result for Passwerk in 2019 and 2018 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 2019, Ordina did not recognise any revenue in the context of work carried out for Quli B.V. (2018: EUR 0.1 million). In 2019, Ordina did not commission any services from Passwerk (2018: EUR 46,000).

The item investments in associates, on the basis of the financial information at year-end 2019, can be broken down as follows:

	Quli B.V.	Passwerk CVBA
Assets	1,683	3,846
Liabilities	821	868
Revenue	1,037	6,788
Profit	-93	662
Other results (OCI)	-	-
Total comprehensive income	-93	662
Share	25.0%	37.3%

12. Deferred income tax assets

Deferred income tax assets can be specified as follows:

	2019	2018
Intangible assets and property, plant and equipment	8,003	5,968
Employee related provisions	237	176
Other provisions / long term	30	22
Recognised tax losses	5,963	9,011
At 31 December	**14,233**	**15,177**

In the statement of income for 2019, Ordina has recognised a deferred tax asset of around EUR 1.3 million (2018: around EUR 3.1 million). 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 2021, the nominal corporate income tax rate in the Netherlands will be reduced to 21.7% from the current rate of 25.0%. The current reduction in nominal corporate income tax rate in the Netherlands deviates from the previously determined reduction. As a result of the adjustment to future tax rate cuts, EUR 1.1 million of the deferred tax assets of EUR 2.2 million depreciated in 2018 was reversed in 2019.

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 actual economic write-down period and minimum fiscal write-down period. The increase in the deferred tax assets in 2019 related to the intangible fixed assets and property, plant and equipment was largely due to the actions Ordina took in 2019 to prevent the dilution of its tax losses. As a result of the adjustment of the future corporate income tax rate cuts, at year-end 2019 Ordina recognised deferred tax assets by virtue of temporary measurement differences in the value of intangible assets and property, plant and equipment of around EUR 0.5 million in the result (2018: depreciation of around EUR 1.0 million).

The deferred tax asset by virtue of intangible assets and property, plant and equipment includes an amount of around EUR 0.4 million related to measurement differences as a result of the application of IFRS 16 Leases. Due to the fact that expenses that are recognised under the application of IFRS 16 are not fiscally accepted, a deferred tax position is recognised on the basis of the difference in the measurement of the right of use and the lease liability. These deferred tax assets and tax liabilities are netted. The balance of EUR 0.4 million consists of a deferred tax asset of EUR 9.0 million and a deferred tax liability of EUR 8.6 million.

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 expected credit losses on trade receivables.

The measurement 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 2019: around EUR 26.3 million; year-end 2018: around EUR 40.8 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 2019 took into account the reduction of corporate tax rates in the year 2021 as definitively determined at year-end 2019. At year-end 2019, the losses in the Netherlands were recognised at a rate of 22.7% (year-end 2018: 22.1%). As a result of the adjusted future tax rate reductions, EUR 0.6 million of the deferred tax assets of EUR 1.2 million depreciated in 2018 was reversed in 2019. Total available tax loss carry forwards stood at approximately EUR 26.3 million at year-end 2019 (year-end 2018: EUR 42.3 million). In 2019, Ordina introduced measures to prevent the dilution of tax losses, which resulted in a reduction of EUR 9.7 million in tax losses. At year-end 2019, the available tax losses were fully recognised. At year-end 2018, tax losses totalling around EUR 1.5 million had not been recognised.

The measurement of tax loss carry-forwards is 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 seven years. 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 8.5). 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 five-year projection, this would result in a potential devaluation of the deferred tax asset of around EUR 0.2 million or EUR 0.3 million respectively.

Around EUR 11.0 million of the deferred income tax assets had a term of more than one year at year-end 2019 (year-end 2018: around EUR 12.2 million).

Movements in deferred income tax assets were as follows in 2019 and 2018:

	2019						2018					
	Closing balance previous year	Adjustments	Opening balance	Recognised in income statement	Recognised in consolidated statement of com-prehencive income	Closing balance	Closing balance previous year	Adjustments	Opening balance	Recognised in income statement	Recognised in consolidated statement of com-prehencive income	Closing balance
Intangible assets and property, plant and equipment	5,968	347	6,315	1,688	-	8,003	7,794	-	7,794	-1,826	-	5,968
Employee related provisions	176	-	176	3	58	237	216	-	216	-41	1	176
Other provisions / long term	22	-	22	8	-	30	-	20	20	2	-	22
Recognised tax losses	9,011	-	9,011	-3,048	-	5,963	10,223	-	10,223	-1,212	-	9,011
	15,177	**347**	**15,524**	**-1,349**	**58**	**14,233**	**18,233**	**20**	**18,253**	**-3,077**	**1**	**15,177**

13. Transition costs

Transition costs can be specified as follows:

	2019	2018
At 1 January	8	123
Additions	-	-
Expenses	-8	-115
At 31 December	**-**	**8**

Transition costs are related to the installation of systems and processes that 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. At year-end 2019, all recognised transition costs had been fully depreciated.

14. Financial instruments by category

The accounting policies for financial instruments have been applied to the following line items:

	2019					2018				
	Amortised cost	Fair value through profit & loss	Fair value through OCI	Derivatives used for hedging	Total	Amortised cost	Fair value through profit & loss	Fair value through OCI	Derivatives used for hedging	Total
Trade receivables and other short-term assets	64,056	-	-	-	64,056	60,727	-	-	-	60,727
Trade payables and other short-term liabilities	-72,657	-	-	-	-72,657	-74,454	-	-	-	-74,454
Total at 31 December	**-8,601**	**-**	**-**	**-**	**-8,601**	**-13,727**	**-**	**-**	**-**	**-13,727**

15. Trade receivables and other current assets

Trade receivables and other current assets can be specified as follows:

	2019	2018
Trade receivables	41,150	38,721
Provision for impairment of trade receivables	-531	-570
Trade receivables - net	**40,619**	**38,151**
Unbilled receivables	17,264	16,699
Contract assets	5,582	5,263
Other receivables	266	249
Prepayments and accrued income	3,696	3,738
At 31 December	**67,427**	**64,100**

The fair value of the trade receivables and other current assets approximates their net carrying amount.

As at 31 December 2019, trade receivables of around EUR 9.6 million (year-end 2018: around EUR 8.2 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.

The ageing analysis of these (net) trade receivables is as follows:

	2019	2018
Trade receivables not impaired and not past due	30,976	29,921
Trade receivables not impaired and past due:		
Up to 1 month	6,200	5,402
1 to 2 months	1,223	1,423
2 to 3 months	592	410
Over 3 months	1,628	995
	9,643	**8,230**
Trade receivables - net	**40,619**	**38,151**

Movements in the provision for doubtful debts were as follows:

	2019	2018
At 1 January	570	290
Provision for receivables impairment	198	352
Receivables written off during the year as incollectible	-74	-
Unused amounts reversed	-163	-72
At 31 December	**531**	**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 definitively when there is no expectation of recovering additional cash.

At year-end 2019, trade receivables and other current assets amounting to around EUR 31.2 million had been provided as collateral as security for the financing facility (year-end 2018: around EUR 42.3 million)

At year-end 2019, Ordina had recognised a provision of around EUR 0.1 million for expected credit losses on unbilled revenue and contract assets (year-end 2018: around EUR 0.1 million). The other classes within trade receivables and other current assets do not contain any impaired assets.

Accrued income includes, among other things, prepaid expenses. Accrued income and other receivables fell due in less than one year at both year-end 2019 and year-end 2018.

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):

	2019	2018
the Netherlands	38,008	36,620
Belgium/Luxembourg	26,048	24,107
Total	**64,056**	**60,727**

The maximum credit risk exposure to trade receivables (gross) can be specified as follows (by client category):

	2019	2018
Public	7,562	10,126
Finance	9,837	5,925
Industry	19,129	18,347
Healthcare	4,622	4,323
At 31 December	**41,150**	**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:

	2019	2018
Debtors with external credit rating		
A-AA	7,414	4,351
B-BBB	605	-
	8,019	**4,351**
Debtors without external credit rating		
Low credit risk	28,310	27,874
Medium credit risk	4,290	5,775
High credit risk	-	151
	32,600	**33,800**
At 31 December	**40,619**	**38,151**

No credit rating is available for governmental bodies. Receivables of governmental bodies are qualified as low risk.

16. Cash and cash equivalents

The balances disclosed in this item are at Ordina's free disposal. At year-end 2019, an amount of around EUR 0.3 million (year-end 2018: around 1.4 million) was held in a so-called blocked account, on the basis of which the disposal of the monies in said account is limited to tax obligations.

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:

	2019	2018
A-AA	24,649	18,488
B-BBB	-	-
At 31 December	**24,649**	**18,488**

In July 2019, Ordina extended its existing financing facility agreed with ABN Amro Bank and ING. This financing facility is for an amount of EUR 30.0 million, and is a fully committed current account credit facility. This new financing facility has a maximum term of five years, with an initial term of three years and an option to extend this twice by one year.

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 the (adjusted) EBITDA/total interest as defined in the financing agreement). The leverage ratio has been set at a maximum of 2.5. 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, excluding the impact of IFRS 16 Leases. The correction of the EBITDA for one-off costs and reorganisation costs has been set at a maximum of 1% of revenue, with a maximum of EUR 4.0 million.

The financing agreement also stipulates that the total EBITDA of the companies that have agreed joint and several liability for the purposes of the financing 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 EUR 30 million of the trade receivables are pledged as security for the lender (the Security Cover).

The interest rate on the financing facility is calculated on the basis of the one-month EURIBOR rate plus a fixed margin of 0.7%.

The table below shows the applicable covenants and the extent to which these had been realised at year-end 2019.

	Realisation year-end 2019	Finance agreement
Leverage ratio	-0.9	=< 2,5
Interest Cover Ratio	207	>= 5,0
Guarantor Cover Ratio	94%	>= 80
Security Cover (in euro millions)	31.2	>= 30.0

17. Share capital

Movements in paid-up and called-up capital in 2019 and 2018 were as follows:

	2019		2018	
(In thousands)	Number of outstanding shares	Issued capital (in euro's)	Number of outstanding shares	Issued capital (in euro's)
At 1 January	93,256	9,326	93,256	9,326
Issue of shares	-	-	-	-
Issue related to share-based payment	-	-	-	-
At 31 December	**93,256**	**9,326**	**93,256**	**9,326**

17.1. Paid-up and called-up share capital

The total authorised capital amounted to EUR 20 million at year–end 2019, 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

At year-end 2019, one priority share and 93,255,929 ordinary shares were fully paid up (year-end 2018: one priority share and 93,255,929 ordinary shares).

No new shares were issued in 2019 or 2018.

For the settlement of the variable long-term bonuses for the period 2016-2018, which took place in the first half of 2019, Ordina acquired and then immediately paid out a total of 55,432 treasury shares. These shares were purchased at a share price of EUR 1.649 per share. Ordina N.V. did not hold any treasury shares at either year-end 2019 or 2018.

For details of the issued priority share, see the provision relating to the priority share in the company's articles of association.

17.2. Share and share option schemes

At both year-end 2019 and year-end 2018, there were no outstanding options on Ordina N.V. shares.

The members of the Management Board and the senior 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 2019, shares in Ordina N.V. were awarded conditionally to the members of the Management Board (total of 596,501 shares) and to the senior management (total of 847,287 shares).

We refer to section 32.2.2 for an explanation of the schemes applicable to the members of the Management Board. The targets of the schemes that apply to the senior management are the same as those that apply to the members of the Management Board. The allocation under the scheme still applicable to the Executive Committee/management at year-end 2019 can be broken down as follows:

	2019						2018
(In thousands)	Conditionally granted number of shares	Grant date	Share price at grant	Fair value on grant date	Percentage	Recognised in profit & loss 2019	Recognised in profit & loss 2018
LTI 2017-2019	53,156	01-06-17	1.59	85	115%	33	29
LTI 2017-2019	16,054	10-07-17	1.57	25	115%	17	7
LTI 2017-2019	27,243	09-05-19	1.75	48	115%	55	n.a.
LTI 2018-2020	303,521	05-07-18	1.89	574	75%	117	141
LTI 2018-2020	17,788	09-05-19	1.75	31	75%	9	n.a.
LTI 2019-2021	424,733	09-05-19	1.75	743	100%	186	n.a.
LTI 2019-2021	4,792	26-09-19	1.68	8	100%	1	n.a.
	847,287			**1,514**		**418**	**177**

18. Reserves

Movements in reserves can be specified as follows:

	2019				2018			
	Share premium reserve	Retained earnings	Profit for the year	Total	Share premium reserve	Retained earnings	Profit for the year	Total
Closing balance previous year	136,219	612	6,873	143,704	136,219	-879	3,110	138,450
First time adoption new IFRS's	-	-276	-	-276	-	-57	-2	-59
At 1 January	**136,219**	**336**	**6,873**	**143,428**	**136,219**	**-936**	**3,108**	**138,391**
Prior-year retained earnings	-	6,873	-6,873	-	-	3,108	-3,108	-
Dividend distribution to shareholders	-	-4,663	-	-4,663	-	-1,865	-	-1,865
Share based payments - treasury shares settlement	-	-91	-	-91	-	-52	-	-52
Share-based payments - personnel expenses	-	783	-	783	-	361	-	361
Actuarial gains and losses	-	-161	-	-161	-	-4	-	-4
Net profit for the year	-	-	14,875	14,875	-	-	6,873	6,873
At 31 December	**136,219**	**3,077**	**14,875**	**154,171**	**136,219**	**612**	**6,873**	**143,704**

The settlement of share-based bonuses via the purchase of treasury shares resulted in a negative financial cash flow of EUR 0.1 million in 2019 (2018; EUR 0.1 million). This pertained to the purchase of treasury shares for the settlement of the obligation (see note 17.1).

The personnel expenses due to share-based bonuses in the amount of EUR 0.8 million in 2019 (2018: EUR 0.4 million) are related to expenses charged to the result (see note 23). Around EUR 0.4 million of this amount pertains to the Management Board's share-based bonuses (2018: EUR 0.2 million.

The company financial statements included a statutory reserve charged to the retained earnings in the sum of approximately EUR 2.3 million at year-end 2019 (year-end 2018: approximately EUR 2.5 million) (see note 37).

19. Borrowings

As at 31 December 2019 and year-end 2018, Ordina Group has no non-current borrowings.

The tables below show the changes in liabilities arising from financing activities for both the year under review and the previous financial period:

	2019						2018					
	At 1 January	Cash flows	Foreign exchange movements	Changes in fair values	Other	At 31 December	At 1 January	Cash flows	Foreign exchange movements	Changes in fair values	Other	At 31 December
Non-current borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Current borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Lease obligations	-	-12,431	-	-	50,542	38,111	-	-	-	-	-	-
Dividend distribution to shareholders	-	-4,663	-	-	4,663	-	-	-1,865	-	-	1,865	-
Total liabilites from financing activities	**-**	**-17,094**	**-**	**-**	**55,205**	**38,111**	**-**	**-1,865**	**-**	**-**	**1,865**	**-**

A sum of EUR 36.1 million of other changes pertaining to lease liabilities are the result of the first application of IFRS 16 Leases. The remaining changes are mainly indexation obligations in lease contracts and new car lease contracts entered into in 2019.

The other changes are related to the General Meeting's resolutions to pay out a dividend adopted on 4 April 2019 and 26 April 2018 respectively. Following these resolutions, in 2019 and 2018 Ordina paid out an amount of around EUR 4.7 million and around EUR 1.9 million from the net profit for 2018 and 2017 respectively as dividend to its shareholders. Ordina recognises dividend paid out to shareholders as a liability at the moment that the General Meeting adopts a resolution to pay out a dividend.

20. Employee benefits

Employee benefits pertain exclusively to pension liabilities and can be specified as follows per region:

	2019	2018
the Netherlands	1,002	860
Belgium/Luxembourg	81	15
At 31 December	**1,083**	**875**

20.1 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:

	2019	2018
Defined benefit obligation	9,734	8,160
Less: fair value of plan assets	8,732	7,300
At 31 December	**1,002**	**860**

Movements in the defined benefit obligation were as follows:

	2019	2018
At 1 January	8,160	8,139
Current service cost	-	-
Interest cost	163	162
Contributions by plan participants	-	-
Benefits paid	-68	-68
Actuarial gains and losses	1,479	-73
Defined benefit obligation at 31 December	**9,734**	**8,160**

Movements in the fair value of pension plan assets were as follows:

	2019	2018
At 1 January	7,300	7,274
Expected return on plan assets	146	145
Employer contributions	28	27
Benefits paid	-68	-68
Actuarial gains and losses	1,326	-78
Fair value of plan assets at 31 December	**8,732**	**7,300**

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 2019, 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 4.4 million negative (year-end 2018: EUR 4.3 million negative).

The amounts recognised in the income statement were as follows:

	Notes	2019	2018
Current service cost		-	-
Interest cost		163	162
Expected return on plan assets		-146	-145
Total, included in personnel expenses	23	**17**	**17**

The costs that will be charged to the 2020 result are expected to amount to approximately EUR 11,000. The actual return on plan assets was EUR 1.5 million (2018: EUR 0.1 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:

	2019	2018
Discount rate at 31 December	1.25%	2.00%
Expected return on plan assets	1.25%	2.00%

In the event that the discount rate were to be raised or lowered by 0.25% (2018: 0.25%) in the context of a sensitivity analysis, the obligation ensuing from the defined benefit plan would amount to EUR 9.2 million (2018: EUR 7.7 million) or EUR 10.3 million respectively (2018: EUR 8.6 million) respectively.

Assumptions with respect to life expectancy are based on published statistics. The life expectancy at year end 2019 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.

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:

	2019	2018
Male, age of 65	22.2	22.1
Female, age of 65	24.6	24.5
Male, age of 66	21.2	21.1
Female, age of 66	23.6	23.5
Male, age of 67	20.3	20.2
Female, age of 67	22.6	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:

	2019	2018
Male, age of 65	24.2	24.2
Female, age of 65	26.5	26.5
Male, age of 66	23.2	23.2
Female, age of 66	25.5	25.5
Male, age of 67	22.3	22.3
Female, age of 67	24.5	24.5

The following is a specification of the valuation of the defined benefit obligation and the fair value of plan assets for the years 2015 through 2019:

	2019	2018	2017	2016	2015
Defined benefit obligation	9,734	8,160	8,139	7,921	7,067
Less: fair value of plan assets	8,732	7,300	7,274	7,065	6,258
Defined benefit obligation	**1,002**	**860**	**865**	**856**	**809**
Experience adjustments on plan liabilities	-1,479	73	-121	-744	208
Experience adjustments on plan assets	1,326	-78	105	693	-163

20.2. 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 3.3 million at year-end 2019 (year-end 2018: EUR 2.8 million). The cash value of the obligations was EUR 3.2 million at year-end 2019 (year-end 2018: EUR 2.8 million). The provision for this plan at year-end 2019 was on balance EUR 81,000 (year-end 2018: EUR 15,000).

The cumulative change for actuarial profits and losses recognised in the consolidated statement of comprehensive income was minus EUR 0.1 million at year-end 2019 (year-end 2018: nil).

21. Other short-term provisions

Other short-term provisions can be specified as follows:

	2019				2018			
	Projects	Redundancy costs	Other	Total	Projects	Redundancy costs	Other	Total
At 1 January	55	1,089	310	1,454	49	2,171	402	2,622
Additions	379	1,934	143	2,456	37	2,415	-	2,452
Unused amounts	-	-90	-	-90	-12	-166	-69	-247
Used during the year	-20	-2,323	-	-2,343	-19	-3,331	-23	-3,373
At 31 December	**414**	**610**	**453**	**1,477**	**55**	**1,089**	**310**	**1,454**
Presented as current liabilities	-	-610	-	-610	-	-1,089	-	-1,089
At 31 December	**414**	**-**	**453**	**867**	**55**	**-**	**310**	**365**

The provision for project commitments pertains to outstanding project activities related to loss-making contracts.

The provision for redundancy costs is related to the costs connected with the departure of employees at Ordina's initiative. The release added to the result from the provision for redundancy costs (2019: EUR 0.1 million, 2018: EUR 0.2 million) was mainly due to the fact that the actual redundancy costs were lower than initially estimated. The redundancy provision was recognised in full under accrued liabilities at year-end 2019 and year-end 2018.

The project provision and the other provisions had a term of less than one year at both year-end 2019 and year-end 2018.

22. Trade payables and other current liabilities

This item can be specified as follows:

	2019	2018
Trade payables	19,178	21,523
Contract liabilities	5,345	4,730
Taxes and social security	22,511	22,743
Pension contributions	254	79
Other payables	66	156
Accruals and deferred income	25,303	25,223
At 31 December	**72,657**	**74,454**

The fair value of trade payables, other debt and accrued liabilities approximates their net carrying amount.

Of the taxes and social security contributions at year-end 2019, EUR 10.6 million pertained to payroll tax and social security contributions (year-end 2018: EUR 10.1 million) and EUR 11.9 million pertained to turnover tax (year-end 2018: EUR 12.6 million).

Other current liabilities include commitments for holiday allowance, leave day entitlements, bonuses, year-end payments and other personnel expenses, as well as items charged to profit or loss for the year under the prevailing accounting policies. The other debts and accrued liabilities had a term of less than one year at both year-end 2019 and year-end 2018.

23. Personnel expenses

De personeelskosten zijn als volgt te specificeren:

	2019	2018
Salaries	150,389	147,536
Social charges	29,536	27,212
Defined benefit obligation	17	17
Defined contribution obligation	8,903	9,306
Other personnel expenses	28,271	35,660
Total	**217,116**	**219,731**

Other personnel expenses include car expenses (2019: approximately EUR 16.0 million; 2018: approximately EUR 23.8 million), hotel and travel expenses (2019: approximately EUR 3.4 million; 2018: approximately EUR 3.2 million), and study costs (2019: approximately EUR 2.5 million; 2018: approximately EUR 2.2 million). The reduction in car-related costs recognised under personnel costs in 2019, when compared to 2018, is primarily due to the introduction of IFRS 16 Leases as of 1 January 2019. Under the application of IFRS 16, with respect to car-related operational lease contracts, in 2019 Ordina recognised a depreciation of the rights of use of around EUR 7.1 million and an interest expense on the lease liability of around EUR 0.3 million (see note 9). The service component is the only part of the lease cost still recognised under personnel expense as of 1 January 2019. The car expenses in 2019 include a sum of around EUR 6.0 million for the service component in the car-related operational lease contracts.

An amount of around EUR 2.2 million was recognised under personnel expenses in 2019 for redundancy costs (2018: around EUR 2.5 million). EUR 1.8 million of these redundancy costs were incurred in the Netherlands (2018: EUR 2.3 million), and the remaining EUR 0.4 million were incurred in Belgium/Luxembourg (2018: EUR 0.2 million)

Personnel expenses included an expense of approximately EUR 0.8 million for share-based payments in 2019 (2018: around EUR 0.4 million). Around EUR 0.4 million (2018: around EUR 0.2 million) of these expenses pertain to the Management Board's bonus scheme, while around EUR 0.4 million (2018: around EUR 0.2 million) pertain to the senior management's bonus scheme.

The item personnel expenses includes the recognition of labour costs subsidies of around EUR 0.9 million (2018: EUR 0.9 million).

The average workforce in FTEs numbered 2,573 in 2019 (2018: 2,542). At year-end 2019, Ordina employed 2,629 FTEs (year-end 2018: 2,647 FTEs). The number of FTEs employed in the Netherlands stood at 1,717 at year-end 2019 (year-end 2018: 1,823 FTEs). The number of FTEs working at the Belgium and Luxembourg-based group companies stood at 912 at year-end 2019 (year-end 2018: 824 FTEs).

24. Other operating expenses

Other operating expenses can be specified as follows:

	2019	2018
Office accommodation costs	2,455	6,543
Marketing and selling expenses	2,085	1,900
Other expenses	9,953	9,917
Total	**14,493**	**18,360**

Office rental costs included an amount of around EUR 0.3 million in 2019 (2018: around EUR 4.1 million) related to operational lease contracts. The reduction of the office rental costs recognised in other operating expenses in 2019 when compared to 2018 is due to the application of IFRS 16 Leases as of 1 January 2019. Under the application of IFRS 16, with respect to lease contracts for buildings, in 2019 Ordina recognised a depreciation of the rights of use of around EUR 3.7 million and an interest expense on the lease liability of around EUR 0.7 million (see note 9). The service component is the only part of the office rental costs still recognised under other operating expenses as of 1 January 2019.

Other expenses include information management and automation expenses, the cost of insurance, and audit and consulting fees.

Audit fees recognised in the income statement under 'other operating expenses' in recent financial years were as follows:

	2019			2018		
	EY the Netherlands	Other EY network	Total EY network	EY the Netherlands	Other EY network	Total EY network
Audit of the financial statements	353	47	400	390	46	436
Other assurance activities	148	-	148	80	-	80
Tax advise	-	-	-	-	-	-
Other non-audit activities	-	-	-	-	-	-
Total	**501**	**47**	**548**	**470**	**46**	**516**

25. Finance income and expenses

Finance income and expenses can be specified as follows:

	2019	2018
Finance income	-	-
Finance costs	-1,125	-236
Total	**-1,125**	**-236**

Finance expenses can be specified as follows:

	2019	2018
Interest costs finance agreement	-37	-93
Other finance costs	-116	-143
Finance costs - other	**-153**	**-236**
Finance costs - lease liabilities	-972	-
Total finance costs	**-1,125**	**-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.

The interest charges for lease liabilities pertain to the interest component of operational lease contracts recognised under the application of IFRS 16 Leases (see note 9).

26. Income tax expense

	2019	2018
current income tax for the year	-4,592	-4,314
current income tax prior years	8	-33
Total current income tax	**-4,584**	**-4,347**
Deferred income tax for the year	-2,797	-857
Deferred income tax prior years	307	8
Deferred income tax impact rate adjustment	1,141	-2,228
Total deferred income tax	**-1,349**	**-3,077**
Total	**-5,933**	**-7,424**

	2019	2018
Net profit for the year	14,875	6,873
Income tax expense	5,933	7,424
Profit before income tax	**20,808**	**14,297**
Effective tax rate	28.5%	51.9%

	2019		2018	
(In thousands)	%	Income tax expense	%	Income tax expense
Applicable tax rate	25.0	5,202	25.0	3,574
Differences with foreign tax rates	2.4	501	3.6	513
Non-deductible expenses	6.0	1,250	7.4	1,072
Remeasurement of deferred tax assets	-1.5	-305	-	-3
Tax exempt income	-	6	-	2
Incidental items	-3.4	-722	15.7	2,241
Adjustments for prior years	-	1	0.2	25
Effective tax rate	**28.5**	**5,933**	**51.9**	**7,424**

The effective tax rate amounted to 28.5% in 2019 (2018: 51.9%). The effective tax rate in 2019 was influenced to a large degree by the movement resulting from the renewed adjustment in corporate income tax rates in the Netherlands for the years 2020 and subsequent years. For 2020, the nominal corporate income tax rate in the Netherlands will remain at 25.0% (at year-end 2018 a reduction had been set to 22.55%). For 2021 and subsequent years, the nominal corporate income tax rate will be reduced to 21.7%, while a reduction to 20.5% was set at the end of 2018. As a result of the adjustment to these future tax rate cuts, in 2019 Ordina recognised a revaluation of the deferred tax asset of more than EUR 1.1 million. At year-end 2018, Ordina had recognised a depreciation of EUR 2.2 million. The adjustment in valuation is recognised under incidental items.

The adjusted effective tax rate for 2019, which did not take into account the impact of the renewed adjustment of the future reduction of corporate income tax rates in the Netherlands, amounted to around 34.0% (adjusted effective tax rate 2018: 36.3%).

The nominal tax rate was 25.0% in 2019, as applicable in the Netherlands. The adjusted effective tax rate of 34.0% is around 9.0% higher than the nominal tax rate in the Netherlands. Around 6.0% 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-based bonuses and the non-deductible part of the so-called mixed expenses. In addition to this, around 2.4% 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 (25.6%) respectively. The remaining difference of on balance around 0.4% pertains to other differences, including the remeasurement of not previously recognised losses, adjustments for previous years, tax exempt income and the share in the results of participations.

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.

	2019	2018
Profit for the year	14,875	6,873
Average number of outstanding shares *(in thousands)*	93,256	93,256
Resultaat per aandeel (in euro's)	**0,16**	**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-based bonuses.

	2019	2018
Profit for the year	14,875	6,873
Average number of outstanding shares *in thousands)*	93,256	93,256
Adjustment for share-based payment obligations	1,444	945
Total	**94,700**	**94,201**
Earnings per share - diluted (in euros)	**0.16**	**0.07**

28. Dividend per share

Pursuant to the prevailing dividend policy, a dividend proposal will be submitted to the General Meeting for a dividend payment of 9.5 eurocents per share in cash, to be charged to the 2019 net profit. The remainder of the net profit will be added to the general reserve.

The General Meeting of 4 April 2019 approved the payment of a cash dividend of six (6) eurocents per ordinary Ordina N.V. share, to be paid from the net profit over 2018. Following this decision, Ordina paid out a total of EUR 4.7 million from the profit for the 2018 financial year as dividend to its shareholders in 2019. The remaining net profit over 2018 was added to the general reserves.

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 2019 or year-end 2018.

30. Commitments, contingencies and contractual obligations and rights

Ordina N.V. and its group companies issued guarantees for a total amount of around EUR 1.9 million in 2019 (2018: approximately EUR 1.8 million). Of these guarantees, around EUR 1.3 million is related to lease commitments (year-end 2018: more than EUR 1.3 million) and around EUR 0.6 million pertained to client relations (year-end 2018: more than EUR 0.5 million).

Ordina had no material expenditure obligations with respect to property, plant and equipment at year-end 2019.

Company cars provided to employees are usually acquired on the basis of lease contracts with a term of 36 to 48 months. In this context, Ordina N.V. and its group companies have total liabilities of around EUR 5.2 million for the service component of car lease contracts with a term of less than one year (2018: around EUR 11.6 million). The sharp fall in this liability was largely due to the fact that the liability related to the financing component of the lease tariff is recognised under lease liabilities from 2019 onwards (see note 9).

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 liabilities of around EUR 0.3 million with respect to the service components of rental contracts with a term of less than one year (2018: around EUR 4.5 million). The sharp fall in this lease liability was largely due to the fact that the liability related to rental instalments is recognised under lease liabilities from 2019 (see note 9).

The other obligations relates to multi-year contract arrangements made with suppliers.

The other financial obligations at year-end 2019 and 2018 can be specified as follows:

	2019				2018			
	Buildings	Cars	Other	Total	Buildings	Cars	Other	Total
Not later than 1 year	286	5,206	548	6,040	4,462	11,580	-	16,042
Later than 1 year and not later than 5 years	782	8,743	1,704	11,229	12,404	14,086	-	26,490
Later than 5 years	9	-	-	9	10,218	-	-	10,218
Totaal	**1,077**	**13,949**	**2,252**	**17,278**	**27,084**	**25,666**	**-**	**52,750**

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.

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 the 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 suppliers with regard to a purchase obligation. As a result of said discussions, the parties have signed a settlement agreement and following this negotiated a new agreement, which does not include a purchase obligation. At this moment, the parties are in disagreement on the status and interpretation of the above-mentioned agreements and the supplier has initiated legal proceedings. Ordina's take the view that there is no question of a purchase obligation and for this reason has not taken a provision. However, the outcome of the legal proceedings is uncertain. The outcome of the aforementioned procedure can lead to a significant financial impact, which currently cannot be reliably estimated.

Belgium has an arrangement that makes it possible to receive subsidies for R&D activities. In this context, each year companies submit subsidy applications and subsidies are received in line with the applications submitted. The subsidy provider has not yet issued any formal decisions, as a result of which it is still uncertain whether Ordina is fully entitled to the subsidies received. Ordina will recognize these amounts in its income statement at the moment the statute of limitations for potential restitution requests with regard to the subsidies received has expired.

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 2019, trade and other receivables valued at approximately EUR 31.2 million had been pledged as security (year-end 2018: approximately EUR 42.3 million) for the financing facility.

31. Acquisitions and disposals

31.1. Acquisitions

Ordina made no acquisitions in 2019 and 2018. As at year-end 2019 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 11) 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 2019 and 2018 can be specified as follows:

	2019	2018
Salary	875	908
Variable component/short-term, cash based	373	354
Variable component/long-term, share based	365	184
Pension costs	12	12
Extraordinary items	92	54
Total	**1,717**	**1,512**

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 members of the Management Board

With respect to the remuneration of the members of the Management Board, the following amounts were charged to the results for 2019 and 2018 respectively:

	J.G. Maes		J.W. den Otter		Totaal	
	2019	2018	**2019**	2018	**2019**	2018
Base salary	387	387	271	271	658	658
One-year variable	219	208	154	146	373	354
Multi-year variable	215	111	150	73	365	184
Pension expense	6	6	6	6	12	12
Extraordinary items	64	35	28	19	92	54
Total	**891**	**747**	**609**	**515**	**1,500**	**1,262**

The total remuneration of the members of the Management Board for 2019 amounts to EUR 1.5 million (2018: EUR 1.3 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 and cash flows. The non-financial targets are based on individual, clearly measurable (qualitative and quantitative) targets and pertain to client satisfaction, employee engagement, image, the implementation of the sustainability strategy and the development in the quality of the senior management. At the end of the three-year period, the shares are awarded unconditionally on the basis of 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 awarded 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 their variable long-term remuneration for the period 2017 through 2019, Mr. Maes and Ms. Den Otter were unconditionally granted a total of 105, 278 and 73,358 Ordina N.V. shares respectively. This is equivalent to a payment percentage of approximately 114.9% of the on-target bonus. Of the total payment percentage, 77.0% pertains to the financial targets and 37.9% to the non-financial targets.

The cost of the long-term bonus was EUR 0.4 million in 2019 (2018: around EUR 0.2 million).

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 2019	Recognised in profit & loss 2018
J.G. Maes							
Regeling 2016-2018						n.v.t.	17
Regeling 2017-2019	91,646	01-05-17	1.59	146	115%	93	39
Regeling 2018-2020	123,686	25-04-18	1.79	221	75%	48	55
Regeling 2019-2022	135,724	22-03-19	1.85	251	100%	74	n.v.t.
	351,056					**215**	**111**
J.W. den Otter							
Regeling 2016-2018						n.v.t.	7
Regeling 2017-2019	63,859	01-05-17	1.59	101	115%	64	27
Regeling 2018-2020	86,580	25-04-18	1.79	155	75%	34	39
Regeling 2019-2022	95,006	22-03-19	1.85	176	100%	52	n.v.t.
	245,445					**150**	**73**
Totaal	**596,501**					**365**	**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.
The members of the Management Board are provided with a car, a laptop and a mobile phone. The related amounts for the members of the Management Board in 2019 were approximately EUR 0.1 million (2018: EUR 0.1 million) and are included as other benefits in the specification of the remuneration of the members of the Management Board.

No loans, advances or guarantees have been issued for the benefit of the

32.2.3. Shares held by the members of the Management Board

At year-end 2019, the members of the Management Board held 139,634 shares in Ordina N.V. (year-end 2018: 84,202 shares). The shares are distributed among the members of the Management Board as follows:

	2019	2018
J.G. Maes	98,579	67,878
J.W. den Otter	41,055	16,324
Total	**139,634**	**84,202**

32.2.4. Options granted to, and held by, the members of the Management Board

At year-end 2019 and year-end 2018, Ordina had not issued any option rights to the members of the Management Board.

32.2.5. Remuneration of the Supervisory Board

The remuneration for the members of the Supervisory Board can be specified as follows:

	2019	2018
J. van Hall, chairman (appointed per 1 January 2019)	65	n.a.
J.G, van der Werf, chairman (resigned per 26 April 2018)	n.a.	20
C. Princen, vice chairman (appointed per 26 April 2018)	47	44
P.G. Boumeester, vice chairman (resigned per 4 April 2019)	12	48
D.J. Anbeek	48	48
A. Kregting (resigned per 1 January 2019)	n.a.	45
J. Niessen	45	45
Total	**217**	**250**

The remuneration of the Supervisory Board is not linked to the financial performance of the company. No loans, advances or guarantees have been issued for the benefit of the members of the Supervisory Board.

32.2.6. Shares held by the members of the Supervisory Board

At year-end 2019, the members of the Supervisory Board held 14,460,967 shares in Ordina N.V. (year-end 2018: 14,460,967 shares). The shares are distributed among the members of the Supervisory Board as follows:

	2019	2018
J. van Hall, chairman	-	n.v.t.
C. Princen, vice chairman	-	-
P.G. Boumeester, vice chairman	n.a.	-
D.J. Anbeek	35,000	35,000
A. Kregting	n.a.	-
J. Niessen (held through Mont Cervin S.a.r.l.)	14,425,967	14,425,967
Totaal	**14,460,967**	**14,460,967**

33. Events after the balance sheet date

No events occurred after 31 December 2019 that have a material impact on, or warrant restatement of the financial statements.

Company balance sheet as at 31 December of Ordina N.V. (before appropriation of profit)

(In euro thousands)	Notes	**2019**	2018
Assets			
Non-current assets			
Investments in associates	35	157,352	143,815
Deferred income tax assets	36	6,143	9,213
Total non-current assets		**163,495**	**153,028**
Total current assets			
Other receivables		-	-
Current income tax receivables		2	2
Total current assets		**2**	**2**
Total assets		**163,497**	**153,030**

The notes 35 through 37 are an integral part of these company financial statements.

Company balance sheet as at 31 December of Ordina N.V. (before appropriation of profit, continued)

(In euro thousands)	Notes	**2019**	2018
Equity and liabilities			
Equity			
Paid-up and called-up share capital	37	9,326	9,326
Share premium reserve	37	136,219	136,219
Statutory reserve	37	2,349	2,517
Retained earnings	37	728	-1,905
Profit for the year	37	14,875	6,873
Total equity		**163,497**	**153,030**
Liabilities			
Current liabilities			
Trade payables and other short term liabilities		-	-
Total current liabilities		-	-
Total liabilities		-	-
Total equity and liabilities		**163,497**	**153,030**

The notes 35 through 37 are an integral part of these company financial statements.

Company income statement

(in euro thousands)	Notes	**2019**	2018
Revenue		**-**	**-**
Bedrijfslasten			
Other operating expenses		1	2
Total operating expenses		**1**	**2**
Operating profit		**-1**	**-2**
Finance income		3	6
Finance costs - other		-	-
Finance costs - lease liabilities		-	-
Finance costs - net		**3**	**6**
Share of profit of associates	35	16,455	7,975
Net profit for the year		**16,457**	**7,979**
Income tax expense		-1,582	-1,106
Net profit for the year		**14,875**	**6,873**

The notes 35 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 on claims on group companies, as stated in IFRS 9, are recognised in the carrying amounts of the associated companies.

35. Financial assets

This item can be specified as follows:

	2019			2018		
	Investments in group companies	Receivables from group companies	Total	Investments in group companies	Receivables from group companies	Total
Closing balance previous year	137,844	5,971	143,815	129,623	7,749	137,372
First time adoption new IFRS's	-276	-	-276	-59	-	-59
At 1 January	**137,568**	**5,971**	**143,539**	**129,564**	**7,749**	**137,313**
Investments/loans advanced	691	-3,172	-2,481	309	-1,778	-1,469
Actuarial gains and losses	-161	-	-161	-4	-	-4
Share of profit of associates	16,455	-	16,455	7,975	-	7,975
At 31 December	**154,553**	**2,799**	**157,352**	**137,844**	**5,971**	**143,815**

36. Deferred income tax assets

Deferred income tax assets can be specified as follows:

	2019	2018
Intangible assets and property, plant and equipment	180	202
Recognised tax losses	5,963	9,011
At 31 December	**6,143**	**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. Deferred tax assets are recognised at the set tax rates.

Ordina recognises tax loss carry-forwards if it expects to utilise said tax loss carry-forwards (total at year-end 2019: around EUR 26.3 million; year-end 2018: around EUR 40.8 million). Recognition is at the nominal tax rate that will apply to future financial years. At year-end 2019, around EUR 4.0 million (year-end 2018: around EUR 7.1 million) of the deferred tax assets had a term of more than one year. For more details on the scale and measurement of Ordina's total tax loss carry-forwards, see note 12.

37. Equity

Movements in equity in 2019 and 2018 were as follows:

	2019						2018					
	Issued capital	Share premium reserve	Statutory reserve	Retained earnings	Profit for the year	Total	Issued capital	Share premium reserve	Statutory reserve	Retained earnings	Profit for the year	Total
Closing balance previous year	**9,326**	**136,219**	**2,517**	**-1,905**	**6,873**	**153,030**	**9,326**	**136,219**	**3,059**	**-3,938**	**3,110**	**147,776**
First time adoption new IFRS's	-	-	-	-276	-	-276	-	-	-	-57	-2	-59
At 1 January	**9,326**	**136,219**	**2,517**	**-2,181**	**6,873**	**152,754**	**9,326**	**136,219**	**3,059**	**-3,995**	**3,108**	**147,717**
Prior-year retained earnings	-	-	-	6,873	-6,873	-	-	-	-	3,108	-3,108	-
Dividend distribution to shareholders	-	-	-	-4,663	-	-4,663	-	-	-	-1,865	-	-1,865
Share based payments - treasury shares settlement	-	-	-	-91	-	-91	-	-	-	-52	-	-52
Share-based payments - personnel expenses	-	-	-	783	-	783	-	-	-	361	-	361
Actuarial gains and losses	-	-	-	-161	-	-161	-	-	-	-4	-	-4
Nettoresultaat over het boekjaar	-	-	-	-	14,875	14,875	-	-	-	-	6,873	6,873
Movement regarding statutory reserve	-	-	-168	168	-	-	-	-	-542	542	-	-
At 31 December	**9,326**	**136,219**	**2,349**	**728**	**14,875**	**163,497**	**9,326**	**136,219**	**2,517**	**-1,905**	**6,873**	**153,030**

The share premium reserve at year-end 2019 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 2018: around EUR 2.9 million).

The statutory reserve relates to the carrying amounts of the internally generated intangible assets (see section 2.5.2 and note 8).

At year-end 2019 and year-end 2018, Ordina N.V. had not purchased any treasury shares.

At year-end 2019 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, 12 February 2020

Management Board
J.G. Maes, *CEO*
J.W. den Otter, *CFO*

Supervisory Board
J. van Hall, *Chairman*
C. Princen, , *Vice-Chair*
D.J. Anbeek
J. Niessen

Other information

List of group companies/principal associates

List of group companies/principal associates

	Registered office	**Participation as a % at year-end 2019**	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 RulesMatter B.V.	Nieuwegein	100	n.a.
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 (België)	100	100
Ordina Luxembourg SA	Windhof (Luxemburg)	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 said Part of the Dutch Civil Code.

Independent Auditor's Report

For the Independent Auditor's Report we refer to page 164 in the Dutch version of the Annual Report 2019.

Assurance-report

For the Assurance-report we refer to page 174 in the Dutch version of the Annual Report 2019.

Legal organogram Ordina

Glossary

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.

Client satisfaction survey: We use an external research agency to measure client satisfaction via telephone calls. Ordina's largest clients in both the Netherlands and Belgium are invited to take part in the survey. When clients express a well-founded wish not to be approached by an external research agency, the telephone interview is conducted by an independent Ordina employee.
The survey provides an objective overview of our clients' perception, satisfaction and expectations of our services.

Client satisfaction index (CSI): The CSI 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.

FTE: Number of employees expressed in full-time equivalents (40 hours per week) measured on the basis of roster days compared to workable days during a period.

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. This is measured as part of the employee engagement survey, by asking employees to what extent they agree with the statement "I feel free to voice my opinion". Respondents can answer by assigning a score of between 1 and 10.

Employee engagement survey (EES): Ordina measures employee engagement several times a year using pulse measurements to gain insight into the current mindset within Ordina. This enables us to target our efforts on areas where improvements are needed and continue to improve the working climate for all employees. Employees are able to express their views anonymously by filling in a questionnaire and express their general satisfaction by giving scores (1-10).
Ordina Promotor Score (OPS): The survey measures the OPS by asking the following question: 'If someone is looking for a partner for their services, would you recommend Ordina as a partner?' Reply options are: very likely, likely, neither likely / nor unlikely, very unlikely.

Ordina calculates the score as the difference between the percentage of 'Highly likely'(Promoters) and 'Highly unlikely' (Detractors). The OPS itself is expressed in absolute terms in a number between -100 and +100.

Ratio of men/women: the ratio of men to women working at Ordina at year-end.

Revenue from business propositions: the part of Ordina's revenue (%) that falls under one of the five business propositions (High performance teams, Intelligent data-driven organisations, Business platforms, Digital acceleration and Security & Compliance).

Sickness-related absenteeism percentage: 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.
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.

CO_2 footprint: the quantity of emissions expressed in tonnes of CO_2. These emissions fall under scope 1, 2 and 3 emissions as defined in the CO_2 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).
CO_2 footprint calculation: Ordina's CO_2 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 rental cars: the fuel consumption of the rental 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 214 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.
- 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.

Direct employee/professional: employee who can book billable hours for clients and has no full-time staff or management role.

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.

Client projects 'Ahead of Change': This refers to services Ordina provides that explicitly relate to our new strategy with the pay-off 'Ahead of change'.
Employee Engagement Survey (EES): Ordina measures employee engagement several times a year to gain insight into the current mindset within Ordina. It enables us to focus our efforts on areas where improvements are needed and continue to improve the working climate for all employees. Employees are able to express their views anonymously on the basis of a questionnaire.

Participation level: This KPI is the percentage of direct employees employed at Ordina on the benchmark date (31 December 2019) that have taken a training course.

Outflow direct employees at Ordina's request: the number of direct employees (in FTEs) whose contract was terminated at Ordina's request in 2019, expressed as a percentage of the number of direct employees (in FTEs) at year-end 2018.

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: http://www.kwa.nl/graaddagen-en-koeldagen (De Bilt).

Work stations
The number of desks/tables that can be adjusted in height by the user or facilities manager with adjustable chair in a working environment that meets the terms of 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	Location part provision of information	Pagenumber or link
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102-1	Name of the organization	Ordina N.V.	
102-2	Activities, brands, products, and services	At a glance	3
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102-4	Location of operations	Netherlands, Belgium and Luxembourg, About Ordina	12, link locaties
102-5	Ownership and legal form	Legal organogram, Financial statements (Group companies / Principal associates)	165
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102-8	Information on employees and other workers	Key figures, Five-year overview, Our people, Financial statements	4, 6, 49, 95
102-9	Supply chain	About Ordina, Value creation model, Corporate Social Responsibility	12, 43, 55
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102-51	Date of most recent report	Ordina annual report 2018 (publication 14 February 2019)	
102-52	Reporting cycle	yearly	
102-53	Contact point for questions regarding the report	Colophon	173
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Standard	Disclosure title	Location part provision of information	Pagenumber or link
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NFI Reference table

EU-directive: Non-Financial Information and Diversity Information (reference table)

Onderwerp	Aspect	included (yes/no)	Chapter / Page reference
Business model	n.a.	Yes	About Ordina
Relevant social and personal matters (e.g. HR, safety, etc.)	A description of the policies pursued, including due diligence	Yes	Corporate social responsibility, Our people
	The outcome of those policies	Yes	Corporate social responsibility, Our people
	Principle risks in own operations and within value chain	Yes	Our people
	How risks are managed	Yes	Corporate social responsibility, Our people
	Non -financial key performance indicators	Yes	Corporate social responsibility, Our people
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	Corporate social responsibility, Governance
	The outcome of those policies	Yes	Governance
	Principle risks in own operations and within value chain	Yes	Governance
	How risks are managed	Yes	Governance
	Non -financial key performance indicators	Yes	Corporate social responsibility, Governance
Relevant matters with respect to anti-corruption and bribery.	A description of the policies pursued, including due diligence	Yes	Governance
	The outcome of those policies	Yes	Governance
	principle risks in own operations and within value chain	Yes	Governance
	How risks are managed	Yes	Governance
	Non-financial indicators	Yes	Governance
Insight into the diversity (executive board and the supervisory board)	A description of the policies pursued	Yes	Report Supervisory Board, Corporate social responsibility
	Diversity targets	Yes	Report Supervisory Board
	Description of how the policy is implemented	Yes	Report Supervisory Board
	Results of the diversity policy	Yes	Report Supervisory Board, Composition Management Board and Supervisory Board

Colophon

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Ordina N.V.

Editor
Ordina N.V.

Concept and design
Cascade - visuele communicatie bv

Photography
Wessel de Groot
iStock