

ORDINA N.V. **ANNUAL RESULTS**

2021



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About Ordina

Ordina is the digital business partner that harnesses technology and market know-how to give its clients an edge. We do this by using smart solutions to connect technology, business challenges and people. We help our clients to accelerate, to develop smart applications, to launch new digital services and ensure that people embrace those services. Ordina was founded in 1973. Its shares are listed on Euronext Amsterdam and are included in the Smallcap Index (AScX). In 2021, Ordina recorded revenue of EUR 394 million. You will find more information at www.ordina.nl/en/

Forward-looking statements

This document contains forward-looking statements regarding the financial performance of Ordina N.V. and outlines certain plans, targets and ambitions based on current insights. Such forecasts are obviously not without risk and entail a certain degree of uncertainty, since there are no guarantees regarding future circumstances. There are multiple factors that could potentially result in the actual results and outcomes differing from those outlined in this document. Such factors include: general economic trends, the pace of globalisation of the markets for solutions, IT and consulting, increased performance commitments, scarcity on the labour market, and future acquisitions and disposals.

Financial calendar

7 April 2022	General meeting
26 April 2022	Publication Q1 results
2 August 2022	Publication interim results
3 November 2022	Publication Q3 results
16 February 2023	Publication 2022 annual results

ORDINA HAS SUCCESSFUL YEAR IN 2021

Nieuwegein, 17 February 2022 – Ordina N.V. (Ordina), the digital business partner that harnesses technology and market know-how to give its clients an edge, today presents the full-year results for 2021.

FY 2021 highlights

- Revenue rises by 6.8% to EUR 394.5 million (2020: EUR 369.2 million);
- Business proposition revenue increases to 40% of total revenue in 2021 (2020: 38%);
- EBITDA rises to EUR 50.2 million (2020: EUR 46.4 million), EBITDA margin stable at 12.7% (2020: 12.6%);
- Net profit rises to EUR 24.6 million (2020: EUR 22.3 million);
- Net cash at year-end 2021: EUR 43.6 million (year-end 2020: EUR 44.4 million);
- Covid-19 has a positive impact of around 0.9% on EBITDA margin in 2021 (2020: around 1% point);
- Dividend proposal to pay out 60% of the net profit (15.8 eurocents per share);
- Announcement of share buy-back programme for a maximum of EUR 15 million.

Q4 2021 highlights

- Revenue up by 12.0% at EUR 104.0 million (Q4 2020: 92.9 million);
- EBITDA rises to EUR 14.5 million (Q4 2020: EUR 12.2 million). EBITDA margin increases to 13.9% (Q4 2020: 13.1%);
- Client satisfaction score of 7.8 and promotor score (OPS) of 71 in 2021;
- Employee engagement score rises to 7.6 from 7.5.

Key figures

<i>(in thousands of euro unless stated otherwise)</i>	FY 2021	FY 2020	Change FY 2021 vs. FY 2020	Q4 2021	Q4 2020	Change Q4 2021 vs. Q4 2020
Revenue	394,471	369,233	6.8%	104,009	92,863	12,0%
Working days (NL/Belux)	256 / 251	255 / 252	+1 / -1	66 / 63	65 / 63	+1 / +1
Adjusted for working days			6.7%			10.9%
EBITDA	50,189	46,362	3,827	14,487	12,187	2,300
EBITDA margin	12.7%	12.6%	0.1% point	13.9%	13.1%	0.8% point
Net profit	24,598	22,290	2,308	7,565	6,967	598
Net cash position	43,599	44,405	-806			
Free cash flow	27,573	29,288	-1,715			

Jo Maes, Ordina CEO, on the results

"We can look back on a successful year for Ordina, with growth in the Netherlands, Belgium and Luxembourg. We increased both our revenues and our profit, putting us ahead of our ambitions for 2022. We also managed to grow with our own employees, despite the continued tightness on the labour market.

With our business propositions, we continue to respond successfully to current themes at our clients. Despite this, the revenue share of our business propositions increased less quickly than we expected. We will continue to work towards this target, but we expect to achieve it later. In the meantime, we have around 170 high performance teams working at our clients. This resulted in a high level of satisfaction at our clients and among our employees, plus we had a greater strategic impact at our clients.

Thanks to our teams and our 2022 strategy, we have laid a solid foundation that helps us stand out in the market. Our 2026 strategy will therefore continue to build on this foundation. We will continue to focus fully on high performance teams as our way of offering our clients superior services. In addition to this, we will invest in domain and market-specific solutions that are repeatable. We have increased our annual revenue and return targets for the period to 2026 compared with our 2022 targets, as communicated at our capital markets day.

In addition to our dividend proposal, today we are announcing a share buy-back programme to further optimise our balance sheet. This is fully in line with our strategy, and we are taking into account the business outlook, investment agenda and the interests of all our stakeholders."

GROUP PERFORMANCE

Revenue

Ordina's revenue increased by 6.8% to EUR 394.5 million in 2021 (2020: EUR 369.2 million), with growth in all our markets. The organic revenue growth of 6.1% was at the upper end of our target of 3-6% for 2022. Our new reference point for the medium to long term is 2026, with an increased annual growth target of 5-8%. Our main focus will be on organic growth, complemented with acquisitions in niche markets to enhance our portfolio. In 2021, this resulted in the acquisition of IFS Probitry.

Ordina's business proposition revenue increased to 40% of our total revenue in 2021, from 38% in 2020. The growth of our business proposition revenue lagged our target of 65% in 2022. We underestimated the time our clients need to be convinced of the advantages of working in high performance teams, plus large-scale investments initially lagged due to the impact of Covid-19. Ordina will continue to work towards this target, but needs more time.

Our revenue came in 12.0% higher in the fourth quarter, which also included the revenue from IFS Probitry. The revenue recorded with external hires also increased strongly in the fourth quarter, due to high demand combined with contractual 'must offer' obligations. Revenue growth was also boosted by a combination of higher productivity, growth in the number of employees and improved rates in all markets.

Revenue per market

<i>(in thousands of euro)</i>	FY 2021	FY 2020	Change FY 2021 vs. FY 2020	Q4 2021	Q4 2020	Change Q4 2021 vs. Q4 2020
Public sector	163,853	151,485	8.2%	43,145	39,827	8.3%
Financial services	103,699	98,558	5.2%	26,734	23,968	11.5%
Industry	126,919	119,190	6.5%	34,130	29,068	17.4%
Total	394,471	369,233	6.8%	104,009	92,863	12.0%

In the public sector, revenue increased by 8.2 % to EUR 163.9 million in 2021 (2020: EUR 151.5 million). We increased the number of high performance teams in the public sector, as this way of working is increasingly seen as the best way to accelerate digitalisation. For instance, two of Ordina's high performance teams are developing and managing a number of applications at KOOP (het Kennis- en exploitatiecentrum Officiële Overheids Publicaties), the Dutch government's open data organisation. The revenue growth in the public sector was partly driven by an increase in the use of external employees as a result of contractual 'must offer' obligations.

Revenue from the financial services sector increased by 5.2% to EUR 103.7 million (2020: EUR 98,6 million). Financial services providers also made greater use of Ordina's high performance teams. They are targeting improved performance and client experience with solutions in fields such as data-driven working, fraud detection and compliance. Additional growth was driven by digital acceleration, as Ordina helped healthcare insurers to develop low-code apps for their end customers.

In the industry market, Ordina is active in a number of subsectors, such as energy, water and waste processing (utilities), transport and logistics, pharma, telco, and media. Revenue in the industry market increased by 6.5% to EUR 126.9 million in 2021 (2020: EUR 119.2 million). A part of our revenue growth was due to the acquisition of IFS Probit in the Netherlands, with strong positions in the utilities and mobility markets. In addition to this, we saw revenue growth primarily in the pharmaceutical industry and with a number of clients in the logistics and transport sector. There is broad demand for solutions for business platforms & cloud, data-driven and cybersecurity & compliance. For instance, Ordina is helping the Belgian firm GADOT to migrate to SAP S/4 HANA using the Ordina SmartMove Solution.

Employees

	Year-end 2020	Net change	Year-end H1 2020	Net change	Year-end 2021
Direct FTEs	2,298	-19	2,279	+149	2,428
Indirect FTEs	288	-1	287	-	287
Total	2,586	-20	2,566	+149	2,715

The number of direct employees had increased by 130 FTEs to 2,428 FTEs at year-end 2021. This growth was largely realised in the second half of the year, thanks to our recruitment efforts. Growth was also boosted by the improved retention of existing employees. As a result, we saw the average number of direct employees increase to 2,299 in 2021 (2020: 2,285).

Our employee engagement score had also improved to 7.6 (2020: 7.5) in October 2021. Our employees are satisfied with their work at Ordina, especially with working in teams, as they can see that this helps them to have a strategic impact at our clients. On top of this, it gives them an opportunity to learn more quickly and share know-how, and this is partly why Ordina's retention of existing employees is now better than in the past.

EBITDA

EBITDA rose by EUR 3.8 million to EUR 50.2 million in 2021 (2020: EUR 46.4 million). The EBITDA margin increased to 12.7% (2020: 12.6%). The improvement in our result was driven by an increase in team-based assignments with our professionals, more client contracts based on our business propositions, improved rates, and improved productivity, which increased to 72.1% in 2021 (2020: 70.1%).

Exceptional items in the 2021 financial results include the provision set aside in the first half of the year for a dispute from the past with one of our suppliers (around EUR 1.6 million). Other project provisions were released in the second half of the year (positive impact EUR 0.6 million). In 2021, our operating costs were once again lower as a result of home working, which led to lower fuel, travel and hotel costs (adding around 0.9% to the EBITDA margin; 2020 around 1%). Once again, it was not possible to organise all the planned events. Thanks to the – on balance – positive impact of the exceptional items, the result of 12.7% was above our target 10-12% for 2022.

In the fourth quarter, EBITDA came in at EUR 2.3 million higher and the EBITDA margin increased by 0.8% to 13.9%. The fourth quarter EBITDA margin is traditionally higher due to seasonal influences. The increased EBITDA was in line with the increase in revenue and was also driven by more client contracts based on our business propositions, improved rates and higher productivity.

Ordina has increased the EBITDA margin target to 12-14% for the period to 2026, as announced during our capital markets day. In setting this target, Ordina is taking into account the current market circumstances, rising inflation, the continued tightness on the labour market and increasing salary pressure.

Performance per region

Revenue distribution

			Change FY 2021 vs. FY 2020			Change Q4 2021 vs. Q4 2020
(in thousands of euro)	FY 2021	FY 2020	FY 2020	Q4 2021	Q4 2020	Q4 2020
The Netherlands	259,195	245,570	5.5%	70,104	62,462	12.2%
Belgium/Luxembourg	135,276	123,663	9.4%	33,905	30,401	11.5%
Total	394,471	369,233	6.8%	104,009	92,863	12.0%

In **the Netherlands**, revenue came in 5.5% higher at EUR 259.2 million. We recorded a strong increase in revenue from the high performance teams and data-driven business propositions. The revenue from business platforms & cloud came in lower than in the previous year due to a number of contracts that were not extended and stopped in the first half of 2020. The revenue with external employees increased in 2021, due to high demand in combination with the tight labour market and contractual 'must offer' obligations vis-à-vis public sector clients.

In **Belgium/Luxembourg**, revenue rose by 9.4% to EUR 135.3 million in 2021. The revenue from the cybersecurity & compliance, data-driven and business platforms & cloud business propositions saw strong growth. The revenue with external employees also increased in 2021, due to high demand combined with the tight labour market.

EBITDA per division

(in thousands of euro and percentage)	FY 2021		FY 2020		Change FY 2021 vs. FY 2020	
The Netherlands	28,061	10.8%	24,648	10.0%	3,413	0.8% points
Belgium/ Luxembourg	22,128	16.4%	21,714	17.6%	414	-1.2% points
Total	50,189	12.7%	46,362	12.6%	3,827	0.1% points

In **the Netherlands**, EBITDA increased by EUR 3.4 million to EUR 28.1 million, while the EBITDA margin rose to 10.8%. This improvement was the result of an improvement in productivity, higher business proposition revenue, and improved rates. In addition, operating costs were lower as a result of home working, including lower fuel costs, as well as lower social premiums in the second half of the year. Ordina therefore managed to absorb rising inflation and salary pressure. In the first half of the year, our result was impacted by a provision (around EUR 1.6 million) set aside for a dispute from the past with one of our suppliers.

In **Belgium/Luxembourg**, EBITDA came in EUR 0.4 million higher at EUR 22.1 million and the EBITDA margin came in at 16.4%. The high margin was driven by the growth of the organisation with our own employees, higher business proposition revenue and lower operating costs as a result of home working, including lower fuel costs. Rising inflation and salary pressure did result in higher personnel expenses in Belgium/Luxembourg in 2021.

Net profit

(in thousands of euro)	FY 2021	FY 2020
EBITDA	50,189	46,362
Depreciation & amortisation	-14,439	-15,130
Operating result (EBIT)	35,750	31,232
Financing expenses / result associates	-1,299	-1,251
Result before tax	34,451	29,981
Taxes	-10,098	-9,331
Remeasurement deferred tax assets	245	1,640
Net profit	24,598	22,290

Net profit came in EUR 2.3 million higher at EUR 24.6 million (2020: EUR 22.3 million), fully in line with the increase in the operating result (EBITDA). The remeasurement of deferred tax assets in both 2021 and 2020 had a positive impact on net profit. This remeasurement was the result of adjustments to the nominal rate of corporate income tax in the Netherlands, as this is applicable in future years.

Net cash and cash flow

Main changes in the net cash position

(rounded off to millions of euros)

Year-end 2020	44.4
Net profit	24.6
Depreciation	14.4
Working capital, provisions and other changes	0.4
Interest & tax	2.9
Net investments	-4.9
Acquisition of group companies	-3.5
Dividend payment	-22.3
Other cash flow from financing activities	-12.5
Year-end 2021	43.6

Ordina's free cash fell to EUR 27.6 million in 2021 (2020: EUR 29.3 million). This decline was the result of higher investments last year.

As of 31 December 2021, Ordina had not drawn on its financing facility. The company's net debt to adjusted EBITDA ratio, as formulated in the financing agreement, stood at -1.1 at 31 December 2021, and was therefore below the maximum of 2.50 agreed with its financiers. The Interest Cover Ratio stood at 223.1 at 31 December 2021, and was therefore below the minimum of 5.0.

Financial position

Our strategic choices in the past few years have resulted in improved returns and a positive free cash flow. We have also reduced our long-term debt, and Ordina has a positive cash position.

We use our positive cash position for Ordina's working capital requirements and targeted investments in growth in the short and medium term. Due to our business model, Ordina takes a conservative approach to adding long-term debt to its balance sheet.

The aim of our strategy is to refine our profile in the market, to accelerate our growth and to continue to improve our returns by being the digital business partner for our clients and offering high-quality services. Ordina's priority is organic growth, supplemented with selective acquisitions. Our goal is to integrate these acquisitions. So when we are contemplating potential transactions, we take a very critical look at the optimal fit, which can vary from size to various aspects of business and culture. Our current financial position allows us to make targeted acquisitions if the opportunity arises.

In addition, Ordina has a dividend policy based on the pay-out of 40-60% of its net profit to our shareholders. If we have sufficient cash and if the business outlook and the expected investment agenda justify this, we may consider using our cash position for other purposes, such as an extra dividend or a share buy-back programme.

Dividend policy

Ordina has a transparent dividend policy. We apply a pay-out percentage of 40-60% of our net profit under the following conditions:

- Solvency of at least 35% over the past reporting year;
- The net debt/EBITDA ratio in Q3 and Q4 of the past reporting year is less than 1.25;
- The expected net debt/EBITDA ratio in Q1 and Q2 of the current year is less than 1.25 after the payment of the dividend.

The basic premise of this policy is that it continues to safeguard the company's healthy balance sheet ratios. The remaining net profit is added to the general reserves and used to finance our growth agenda (with both organic and non-organic growth). In the event of any surplus cash reserves, we may consider a variable extra dividend.

Dividend proposal

The Management Board will propose to the General Meeting that, in accordance with the dividend policy, it pay out 60% of the net profit as dividend. This will result in a payment of 15.8 eurocents per share. In 2020, Ordina paid out a dividend of 23.9 eurocents per share, due to a one-off increase in the pay-out percentage to 100% of the net profit.

Share buy-back programme

The net cash position stood at EUR 43.6 million at year-end 2021. Thanks to this position, the business outlook and the investment agenda, Ordina allow for to start a share buy-back programme, in addition to our regular dividend payment for 2021. The goal of the share buy-back programme is to further optimise our balance sheet (capital reduction), plus it allows us to efficiently distribute a portion of our cash position not required for the business to our shareholders.

Ordina has maximised the size of the programme at EUR 15 million. The programme is expected to take three months to complete, while Ordina has the option of ending the programme earlier than this if there is any significant change in the circumstances that led to this decision. Ordina expects to start the programme on 1 May of this year. In accordance with applicable reporting obligations, we will provide updates on the start, the progress and the completion of the share buy-back programme at www.ordina.nl/en.

For the purchase of the shares, Ordina will make use of the mandate that is put to a vote annually at the General Meeting. This mandate provides the authorisation for the purchase of Ordina's own shares up to a maximum of 10% of the share capital for a period of 18 months. The programme will be carried out by a financial intermediary.

Purchase of shares for the Management Board and senior management

Ordina did not issue any new shares in 2021 (nor in 2020). In addition to the above-mentioned share buy-back programme, the company will purchase around 425,000 ordinary Ordina N.V. shares for the purposes of the share-based bonus schemes for the Management Board and the senior management. This will prevent any dilution of the shares.

Additional information

Working days 2021 and 2020

	2021		2020	
	NL	B	NL	B
Q1	63	63	64	64
Q2	61	61	60	61
Q3	66	64	66	64
Q4	66	63	65	63
Total	256	251	255	252

Press conference call and analyst presentation

09:00 CET – Press conference call

Ordina will explain its results at 9:00 CET on 17 February 2022 during a press conference call: +31 (20) 531 5856.

10:30 CET – Analyst presentation

Ordina will present its results at 10:30 hours CET on 17 February 2022 at the analyst meetings in the Van der Valk Hotel Amsterdam-Amstel. You can follow this presentation via a webcast. You can follow the webcast via the link you will find at www.ordina.nl/en/. The presentation will be available on our website after the webcast..

Definitions

Key definitions of the terms used in this press release.

EBITDA: earnings before interest, taxes, depreciation and amortisation.

Direct FTE: an employee for whom we can charge clients billable hours and who does not have a full-time staff or management role.

Productivity: % of the workable hours that a (direct) employee is deployed on a billable basis.

Free cash flow (FCF): the FCF is the sum of the net cash flow from operational business activities and investment activities, adjusted for cash flows related to acquisitions and divestments of group companies and associates and any dividends received from associates. Lease payments are also deducted from the FCF (pursuant to IFRS 16 Leases).

CONTACT DETAILS

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