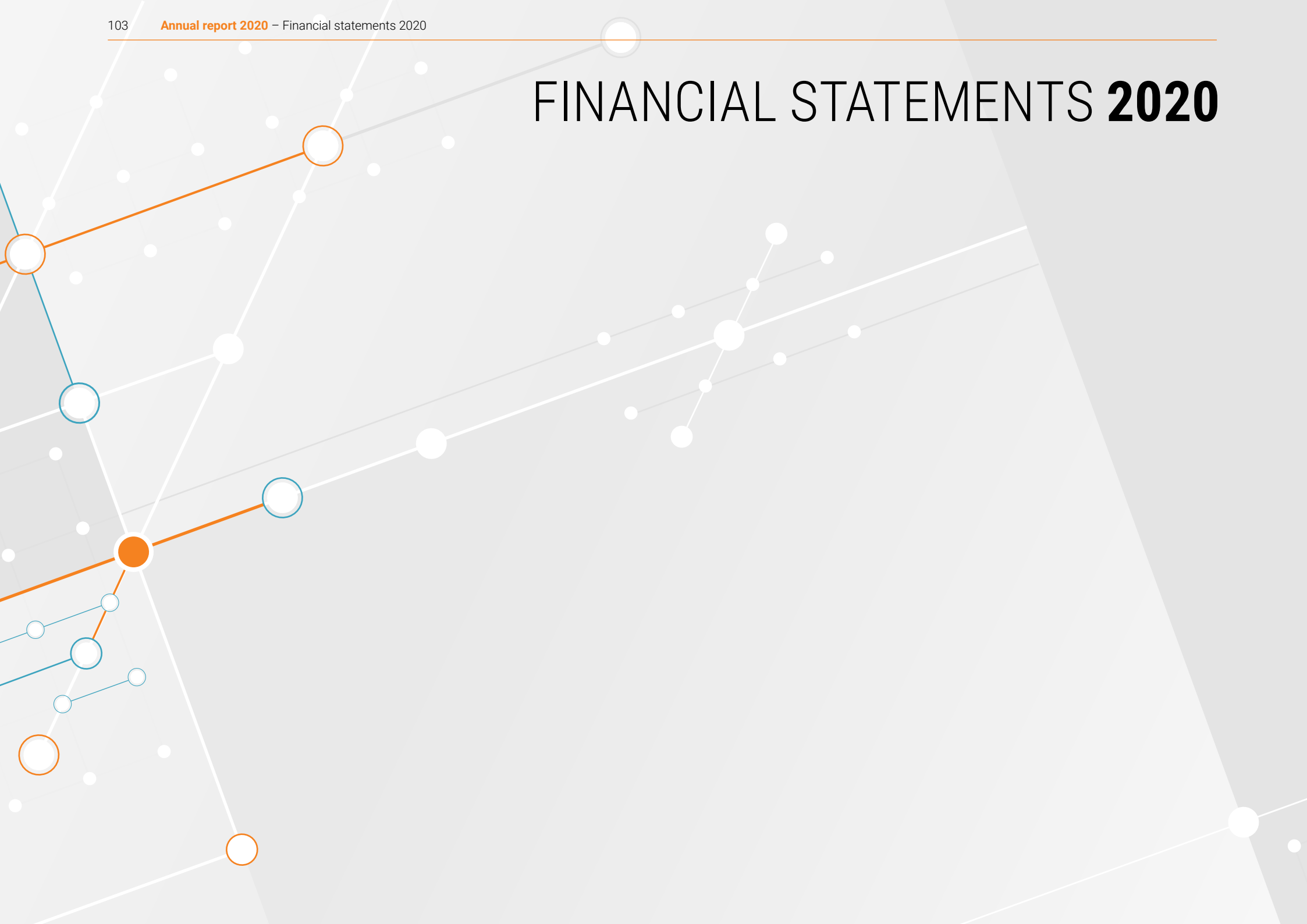


FINANCIAL STATEMENTS **2020**



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

<i>(In euro thousands)</i>	Notes	2020	2019
Assets			
Non-current assets			
Intangible assets	8	128,203	129,751
Right-of-use assets	9	35,491	37,046
Property, plant and equipment	10	4,697	4,376
Investments in associates	11	323	340
Deferred income tax assets	12	12,323	14,233
Total non-current assets		181,037	185,746
Total current assets			
Trade receivables and other short term assets	14	60,652	67,427
Cash and cash equivalents	15	44,405	24,649
Total current assets		105,057	92,076
Total assets		286,094	277,822

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

<i>(In euro thousands)</i>	Notes	2020	2019
Equity and liabilities			
Equity			
Paid-up and called-up share capital	16	9,326	9,326
Share premium reserve	17	136,219	136,219
Retained earnings	17	9,976	3,077
Profit for the year	17	22,290	14,875
Total equity		177,811	163,497
Liabilities			
<i>Non-current liabilities</i>			
Employee related provisions	19	1,015	1,083
Lease liabilities	9	26,885	28,289
Total non-current liabilities		27,900	29,372
<i>Current liabilities</i>			
Lease liabilities	9	9,807	9,822
Other provisions	20	939	867
Trade payables and other short term liabilities	21	67,518	72,657
Current tax payable		2,119	1,607
Total current liabilities		80,383	84,953
Total liabilities		108,283	114,325
Total equity and liabilities		286,094	277,822

CONSOLIDATED INCOME STATEMENT

<i>(in euro thousands)</i>	Notes	2020	2019
Revenue from contracts with customers	6	369,233	372,259
Operating expenses			
Cost of hardware, software and other direct costs		-5,804	-4,462
Work contracted out		-89,059	-99,502
Personnel expenses	22	-215,084	-217,116
Amortisation	8	-1,673	-1,455
Depreciation right-of-use assets	9	-11,014	-10,866
Depreciation tangible fixed assets	10	-2,443	-2,409
Other operating expenses	23	-12,924	-14,493
Total operating expenses		-338,001	-350,303
Operating profit		31,232	21,956
Finance income	24	-	-
Finance costs	24	-1,234	-1,125
Share of profit of associates	11	-17	-23
Net profit for the year		29,981	20,808
Income tax expense	25	-7,691	-5,933
Net profit for the year		22,290	14,875
Net profit is attributable to:			
Shareholders of the company		22,290	14,875
Net profit for the year		22,290	14,875
<i>(In euro's)</i>			
Earnings per share - basic	26	0.24	0.16
Earnings per share - diluted	26	0.24	0.16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in euro thousands)</i>	Notes	2020	2019
Profit for the year	17	22,290	14,875
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains and losses on defined benefit plans	17/19	85	-219
Tax on items taken directly to or transferred from equity	12/17	-21	58
Other comprehensive income for the year, net of tax		64	-161
Total comprehensive income for the year		22,354	14,714
Total comprehensive income for the year is attributable to:			
Shareholders of the company		22,354	14,714
Total comprehensive income for the year		22,354	14,714

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	2020					2019				
		Issued capital	Share premium reserve	Retained earnings	Profit for the year	Total	Issued capital	Share premium reserve	Retained earnings	Profit for the year	Total
<i>(in euro thousands)</i>											
Closing balance previous year		9,326	136,219	3,077	14,875	163,497	9,326	136,219	612	6,873	153,030
First time adoption IFRS 16		-	-	-	-	-	-	-	-276	-	-276
At 1 January		9,326	136,219	3,077	14,875	163,497	9,326	136,219	336	6,873	152,754
Profit for the year	17	-	-	-	22,290	22,290	-	-	-	14,875	14,875
<i>Other comprehensive income</i>											
Actuarial gains and losses	12/17/19	-	-	64	-	64	-	-	-161	-	-161
Total comprehensive income for the year		-	-	64	22,290	22,354	-	-	-161	14,875	14,714
Transactions with owners											
Appropriation of profit previous year	17/27	-	-	14,875	-14,875	-	-	-	6,873	-6,873	-
Dividend distribution	17/27	-	-	-8,859	-	-8,859	-	-	-4,663	-	-4,663
Share based payments - treasury shares settlement	16/17	-	-	-673	-	-673	-	-	-91	-	-91
Share-based payments - personnel expenses	17/23	-	-	1,492	-	1,492	-	-	783	-	783
Total transactions with owners		-	-	6,835	-14,875	-8,040	-	-	2,902	-6,873	-3,971
At 31 December		9,326	136,219	9,976	22,290	177,811	9,326	136,219	3,077	14,875	163,497

CONSOLIDATED STATEMENT OF CASHFLOWS

<i>(in euro thousands)</i>	Notes	2020	2019
Cash flows from operating activities			
Net profit for the year		22,290	14,875
<i>Adjustments for</i>			
Finance costs -net	9/24	1,234	1,125
Share of profit of associates	11	17	24
Taxes	25	7,691	5,933
<i>Adjustments for</i>			
Amortisation	8	1,673	1,455
Depreciation right-of-use assets	9	11,014	10,866
Depreciation tangible fixed assets	10	2,443	2,409
Movements in long term provisions		17	-11
Share-based payments	16/17/22/31	1,492	783
<i>Working capital changes</i>			
Movements in receivables		6,775	-3,319
Movements in current liabilities		-5,613	-324
Cash generated from operations		49,016	33,816
Interest paid		-1,157	-1,072
Income taxes paid	7	-5,291	-7,631
Net cash from operating activities		42,568	25,113

CONSOLIDATED STATEMENT OF CASHFLOWS (CONTINUED)

<i>(in euro thousands)</i>	Notes	2020	2019
Cash flows from investing activities			
Purchases of intangible assets	8	-125	-872
Purchases of property, plant and equipment	10	-2,351	-1,884
Divestment of intangible asstes	8	-	-
Divestment of property, plant and equipment	10	74	19
Net cash used in investing activities		-2,402	-2,737
Cash flows from financing activities			
Lease payments	9	-10,878	-11,461
Settlement of share based payment	16/17	-673	-91
Dividend distribution to shareholders	17/27	-8,859	-4,663
Net cash used in financing activities		-20,410	-16,215
Net movement in cash and cash equivalents		19,756	6,161
<i>(in euro thousands)</i>			
Net movement in cash and cash equivalents		19,756	6,161
Cash and cash equivalents at beginning of year		24,649	18,488
Cash and cash equivalents at end of year		44,405	24,649

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 at Ringwade 1, in Nieuwegein, the Netherlands, under Trade Register number 30077528. Ordina is a local independent IT services provider in the Benelux region. We focus on giving our clients a digital edge in the sectors: financial services, industry and the public sector. 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 2020 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 17 February 2021 and the statements were discussed in the Supervisory Board meeting of 17 February 2021. They will be submitted for adoption to the General Meeting of 1 April 2021. The Supervisory Board also approved their publication on 17 February 2021.

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. Ordina has applied these policies consistently to all periods presented in these financial statements.

Covid-19 - The year 2020 was severely impacted by the Covid-19 pandemic. Its impact on both the global economy and on our local economy has been enormous. Various governments launched significant support measures to support local markets and entrepreneurs. Ordina took immediate action in response to the first signs of the extent of the Covid-19 pandemic, following the guidelines issued by the Dutch, Belgian and Luxembourg governments. Working from home has been

the norm for our employees on this front. This is why for a large part of 2020 our employees worked from home. After an initial adjustment phase, we can now say that we have been very successful in continuing to provide services to our clients from home. The vast majority of our clients, also after their own adjustment phase, have continued to make full use of our services. Only a limited number of our clients were significantly affected by the Covid-19 virus in 2020. Market conditions are still uncertain. Due in part to large-scale vaccinations due to start in the near future, it is reasonable to expect that the pandemic will be brought under control in the course of 2021 and it will then be possible to make predictions/forecasts with more certainty.

Ordina's result and cash flows developed positively in 2020. We were also able to extend our financing facility by one year in 2020. We will continue to monitor developments closely and take measures when we deem this necessary. Based on the developments in 2020 and the current outlook for 2021, we estimate the impact of the Covid-19 pandemic on the key estimates and assumptions, as explained in Chapter 5, to be limited. Based on the current developments, we believe that we are able to continue our operations as a going concern. We have therefore prepared the 2020 financial statements on the basis of the going concern assumption.

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.

The new standards and amendments to existing standards in 2020 have no material impact on Ordina's capital and results, nor on the notes to the financial statements.

Published standards which have not yet come into effect

Year-end 2020 there are multiple new and amended standards and interpretations issued, but not yet effective. Ordina will apply these new and amended standards and interpretations, insofar as applicable, as soon as they come into effect.

Any published, new and amended IFRS standards and interpretations that are not yet applicable to reporting periods commencing on 1 January 2020 have not been applied early. We do not expect new standards that become applicable after 2020 to have a material impact on Ordina's capital and results, nor on the notes to the financial statements. We do not expect the published amendment to IAS 37 with respect to onerous contracts to have any material impact on Ordina because relevant items are already recognised in line with the proposed amendment.

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 2019 and 2020 are wholly owned by Ordina. Consequently, there is no third party non-controlling interest.

De kostprijs van een nieuw verworven groepsmaatschappij wordt bepaald op basis van de betaalde en te betalen liquide middelen per transactiedatum alsmede, indien van toepassing, de reële waarde van de vermogensinstrumenten (i.e. aandelen) gebruikt ter financiering van de acquisitie.

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 groups of 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 Rights of use

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 tariff.

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 amendment 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 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 Associated companies

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 29).

2.9 Trade receivables and other short-term assets

Trade receivables and other current 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 2.17)

2.10 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.

2.11 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.

2.12 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.

2.12.1 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.

2.12.2 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.

2.13 Shareholders' equity

2.13.1 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.

2.13.2 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.

2.13.3 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.

2.14 Employee benefits

2.14.1 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.

2.14.1.1 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.

2.14.1.2 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.

2.14.2 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.

2.15 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 2.14.1.2, 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.

2.16 Trade payables and other current

Trade payables and other current liabilities are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

2.17 Omzet uit contracten met klanten

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 i) it is reasonably possible to make a sufficiently reliable estimate of the progress of the activities, ii) the activities result in an asset that is controlled by the client during the activities, iii) the activities result in an asset for which there is no alternative use, and iv) Ordina has an enforceable right to remuneration for the services already provided. In the case of fixed-rate projects, Ordina recognises revenue on the basis of Percentage of Completion (POC).

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.

2.18 Costs**2.18.1 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.

2.18.2 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.

2.18.3 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'.

2.18.4 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).

2.19 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 2020 and 2019, Ordina had no non-current interest-bearing borrowings.

With respect to the interest-bearing bank borrowings ensuing from the current account credit facility, Ordina is due a floating rate calculated on the basis of the one-month EURIBOR plus a fixed margin of 0.7%. The use of the current account credit facility depends on Ordina's liquidity requirements. In 2020, Ordina made very limited use of the current account credit facility. If a sensitivity analysis had resulted in an assumed increase in the floating rate of interest of on average 1.0%, this would only have resulted in a very limited increase in financing expenses.

Ordina has no significant interest-bearing assets. Group income is therefore almost 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 2020 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, Belgium and Luxembourg are accepted, with risks being spread over a range of parties.

The creditworthiness 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 creditworthiness 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 related to trade and other receivables is identified in 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 14 of this annual report for further information on trade receivables.

The Management Board qualified the credit risk related to customers as limited at year-end 2020. The impact on the economy of Covid-19 could increase credit risks at specific clients. Ordina's client portfolio has so far seen only a very limited visible increase in credit risks. The Board did note a concentration of risks in situations that involved the intervention of so-called brokers. 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 credit facility Ordina closed in July 2019. At year-end 2020 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 15 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 any revised forecasts.

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.

	2020				2019			
	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	-38,285	-10,482	-9,011	-18,791	-40,621	-10,605	-8,206	-21,810
Trade and other payables	-54,604	-54,604	-	-	-60,835	-60,835	-	-

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 62% at year-end 2020 (year-end 2019: around 59%). The increase in solvency compared with year-end 2019 was largely due to the increase in equity of more than EUR 15 million. This increase was due to the result for 2020 less the dividend payment to shareholders.

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 59% at year-end 2020. 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 around 33% at year-end 2020 (year-end 2019: more than 25%).

5 Critical accounting estimates and judgements

Estimates and judgments are evaluated continually 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

Ordina assesses whether the goodwill allocated to a cash-generating unit or group of cash-generating units is impaired at least once a year (see Section 2.12). An impairment loss is recognised if the carrying amount exceeds the recoverable amount. These calculations require the use of estimates and judgements. The recoverable value is the highest value of the fair value less disposal costs and the value in use. We refer to note 8.5 for a detailed explanation of the impairment test performed.

5.2 Revenue from contracts with customers

Ordina recognises revenue on the basis of the amount it expects to receive in exchange for the goods and services it delivers (see note 2.17). 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 Legal proceedings ensuing from conflicts with clients or suppliers

As part of our normal business operations, we may be confronted with discussions related to the (financial) settlement of contractual relationships with clients or suppliers. When such a discussion results in a claim, Ordina assesses whether the conditions for recognising a provision have been met. If a provision has to be set aside, Ordina estimates the outflow of resources. The actual outcome of legal proceedings may differ from the assessment as to whether a provision should be set aside and, if so, the amount of the provision.

5.6 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.

5.7 Covid-19

The Covid-19 pandemic has had an enormous impact on both global and local economies. This impact may include, for example, a decline in customer demand, an increase in credit risks or an increase in employee absenteeism. Despite the fact that Covid-19 has so far had only a limited impact on Ordina, future developments are difficult to predict. Ordina continuously assesses these developments and there are no signs of any change in circumstances in the short term. The actual situation and developments may differ from this estimate.

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.

	2020			2019		
	the Netherlands	Belgium / Luxembourg	Total	the Netherlands	Belgium / Luxembourg	Total
Type of goods or services						
Sale of hardware and software	332	1,453	1,785	269	462	731
IT services	245,238	122,210	367,448	258,382	113,146	371,528
Total revenue from contracts with customers	245,570	123,663	369,233	258,651	113,608	372,259
Timing of revenue recognition						
Goods transferred at a point in time	453	1,362	1,815	525	267	792
Services transferred over time	245,117	122,301	367,418	258,126	113,341	371,467
Total revenue from contracts with customers	245,570	123,663	369,233	258,651	113,608	372,259

	2020		2019
	Revenu by markets		
Public	151,485	150,328	
Finance	98,558	106,249	
Industry	119,190	115,682	
Total	369,233	372,259	

The 2019 figures have been adjusted for the reclassification of a number of clients that were previously reported under the healthcare segment

The revenue in the public sector and financial services markets is largely recorded in the Netherlands. Slightly more than half of the revenue from the industry market is recorded in the Belgium/Luxembourg segment.

Revenue from public sector clients increased by 0.8% to EUR 151.5 million in 2020 (2019: EUR 150.3 million). This increase was driven by growth in our High performance teams and Intelligent data-driven organisations business propositions.

Revenue from financial services clients declined by 7.2% to EUR 98.6 million (2019: EUR 106.2 million). In Belgium/Luxembourg, revenue remained stable in this market in 2020. In the Netherlands, revenue declined, mainly due to our reduced deployment of subcontractors.

Revenue in the industry sector increased by 3.0% to EUR 119.2 million in 2020 (2019: EUR 115.7 million). In Belgium/Luxembourg, we saw particularly strong revenue growth in the pharmaceutical industry and an increasing demand for Business platforms and Cybersecurity & Compliance solutions. Revenue in the Netherlands declined. Some clients were directly impacted by the consequences of Covid-19, which reduced demand from these clients. At the same time, we saw a slight increase in revenue from other clients.

Some parts of Ordina's 2020 revenue were affected by the Covid-19 outbreak. This was due to a decline in client demand from organisations that were plainly affected by the outbreak. We did not see any decline in demand from the majority of our clients and we were able to continue to provide them with our services off site.

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 2020	31 December 2019
Trade receivables - net	37,075	40,619
Unbilled receivables	14,626	17,264
Contract assets	5,991	5,582
Contract liabilities	5,265	5,345

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 2020, Ordina recognised a provision for expected credit losses on trade receivables, unbilled revenue and contract assets of around EUR 1.0 million (year-end 2019: around 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 ('practical expedient' IFRS 15.121). Revenue will be recognised at the moment that Ordina has met its contractual obligations. All contract obligations recognised at year-end 2019 resulted in revenue in 2020.

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:

	2020			2019		
	the Netherlands	Belgium / Luxembourg	Total	the Netherlands	Belgium / Luxembourg	Total
Total segment revenue	248,506	128,459	376,965	261,807	117,127	378,934
Inter-segment revenue	-2,937	-4,795	-7,732	-3,156	-3,519	-6,675
Revenue from contracts with customers	245,569	123,664	369,233	258,651	113,608	372,259
EBITDA	24,648	21,714	46,362	20,051	16,635	36,686
Amortisation	-1,457	-216	-1,673	-1,455	-	-1,455
Depreciation right-of-use assets	-7,306	-3,708	-11,014	-7,406	-3,460	-10,866
Depreciation tangible fixed assets	-1,884	-559	-2,443	-1,878	-531	-2,409
Operating profit	14,001	17,231	31,232	9,312	12,644	21,956
Finance costs – net	-1,009	-225	-1,234	-892	-233	-1,125
Share of profit of associates	-17	-	-17	-23	-	-23
Profit before tax	12,975	17,006	29,981	8,397	12,411	20,808
Income tax expense	-2,287	-5,404	-7,691	-1,361	-4,572	-5,933
Profit for the year	10,688	11,602	22,290	7,036	7,839	14,875

One Dutch client accounted for more than 10% of total revenue in 2020. The revenue generated from this client was approximately EUR 52.8 million (2019: revenue of approximately EUR 56.3 million). Five other clients together accounted for more than 20% of total revenue.

The assets and liabilities can be specified as follows:

	31 December 2020					31 December 2019				
	the Netherlands	Belgium / Luxembourg	Total	Eliminations	Consolidated	the Netherlands	Belgium / Luxembourg	Total	Eliminations	Consolidated
Total assets	264,133	92,166	356,299	-70,205	286,094	265,574	88,802	354,376	-76,554	277,822
Total liabilities	86,322	37,251	123,573	-15,290	108,283	102,077	36,873	138,950	-24,625	114,325

Other segment information can be specified as follows:

	Notes	2020			2019		
		the Netherlands	Belgium / Luxembourg	Total	the Netherlands	Belgium / Luxembourg	Total
Carrying amount at year end of intangible assets	8	110,622	17,581	128,203	111,989	17,762	129,751
Carrying amount at year end of right-of-use assets	9	27,756	7,735	35,491	28,161	8,885	37,046
Carrying amount at year end of tangible assets	10	3,470	1,227	4,697	3,102	1,274	4,376
Carrying amount at year end of financial fixed assets	11/12	12,406	240	12,646	14,355	218	14,573
Purchases of intangible assets	8	90	35	125	216	620	836
Purchases of right-of-use assets	9	6,900	2,558	9,458	8,937	4,539	13,476
Purchases of property, plant and equipment	10	2,326	512	2,838	1,408	525	1,933
Amortisation	8	1,457	216	1,673	1,455	-	1,455
Depreciation right-of-use assets	9	7,306	3,708	11,014	7,406	3,460	10,866
Depreciation tangible fixed assets	10	1,884	559	2,443	1,878	531	2,409
Income tax recognised in income statement	26	2,287	5,404	7,691	1,361	4,572	5,933
Income tax paid in reporting period		-	5,291	5,291	-	7,631	7,631

8 Intangible assets

This item can be specified as follows:

	2020			2019		
	Goodwill	Software	Total	Goodwill	Software	Total
At 1 January						
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 1 January	124,495	5,256	129,751	124,495	5,875	130,370
Movements in carrying amount						
Additions	-	78	78	-	373	373
Internally generated	-	47	47	-	463	463
Amortisation	-	-1,673	-1,673	-	-1,455	-1,455
Disposals	-	-	-	-	-	-
Carrying amount at 31 December	124,495	3,708	128,203	124,495	5,256	129,751
At 31 December						
Cost	192,816	14,312	207,128	192,816	15,222	208,038
Accumulated amortisation and impairments	-68,321	-10,604	-78,925	-68,321	-9,966	-78,287
Carrying amount at 31 December	124,495	3,708	128,203	124,495	5,256	129,751
Of which internally generated	-	1,676	1,676	-	2,349	2,349

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. The investments of EUR 0.1 million in 2020 were made almost entirely in the Netherlands.

In 2020, Ordina fully depreciated decommissioned assets with an initial investment value of around EUR 1.0 million (2019: around EUR 0.4 million).

8.2 Impairment and reversal of impairment losses

In 2020 and 2019, Ordina recognised no impairment on intangible assets.

Ordina did not reverse any prior-year impairment losses on intangible assets in 2020 and 2019.

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.

	2020	2019
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 3.7 million at year-end 2020 (year-end 2019: EUR 5.3 million). This carrying amount at year-end 2020 was primarily related to the ERP application 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 2.12 and note 5.1). The first half of 2020 saw the outbreak of the Covid-19 pandemic, and the spread of the virus accelerated in March 2020. In response, Ordina performed an interim impairment test in mid-2020. This interim impairment test did not result in an impairment loss. 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.

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 0.9% to around 2.8% (2019: from around minus 1.5% to around 1.4%) and for Belgium/Luxembourg from around 1.0% to around 6.5% (2019: from around 1.0% to around 8.1%). The average annual revenue growth in the five-year projection amounts to around 1.8% for the Netherlands (2019: around 0.6%) and around 3.4% for Belgium/Luxembourg (2019: around 2.6%).

The average annual EBITDA margin in the five-year projections amounts to around 10.7% for the Netherlands (2019: around 9.7%) and around 13.2% for Belgium/Luxembourg (2019: around 12.4%). The EBITDA margin for the years after 2025 in the five-year projections amounts to around 11.1% for the Netherlands (2019: around 10.2%) and around 13.6% for Belgium/Luxembourg (2019: around 12.2%). The useful life upon which cash flows are discounted is indefinite in principle. At year-end 2020, Ordina used an estimated forward growth rate of 1.0% (2019: 1.0%).

Future cash flows are discounted on a post-tax basis at an interest rate specific to each segment. At year-end 2020, the discount rate for the Netherlands stood at 9.9% (year-end 2019: 8.2%) and 10.6% for Belgium/Luxembourg (year-end 2019: 8.8%). The pre-tax discount rate, on the basis of the applicable percentage at year-end 2020, stood at 12.9% for the Netherlands (2019: 10.2%) and 13.8% for Belgium/Luxembourg (2019: 11.6 %).

Based on the chosen assumptions, the impairment test we conducted did not lead to an impairment at year-end 2020. The carrying amount, value in use and the headroom per segment to which goodwill is allocated at year-end 2020 were as follows:

<i>(in euro millions)</i>	Carrying amount	Value in use	Headroom
the Netherlands	111.3	146.5	35.2
Belgium/Luxembourg	54.9	147.3	92.4

In addition to this impairment test executed at year-end 2020, 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.

<i>(in euro millions)</i>	the Netherlands	Belgium / Luxembourg
Decline EBITDA margin		
-0.25%	29.5	89.5
-0.50%	23.8	86.7

In addition to this, we conducted a sensitivity analysis in which the discount rate was first raised successively by 0.5%, 1.0% and 1.5%, and secondly the forward growth rate was reduced by 0.5% and 1.0%. This additional sensitivity analysis did not result in an impairment for any of the segments. The table below shows the remaining excess values (in millions of euros) of the segments in question on the basis of this sensitivity analysis.

<i>(In euro millions)</i>	Disconteringsvoet na belastingen			
the Netherlands	9.9%	10.4%	10.9%	11.4%
<i>Terminal growth</i>				
0.5%	28.9	21.5	14.7	8.6
0.0%	23.3	16.5	10.2	4.5
Belgium/Luxembourg	10.6%	11.1%	11.6%	12.1%
<i>Terminal growth</i>				
0.5%	88.3	83.2	78.4	74.1
0.0%	84.6	79.8	75.4	71.4

We also compared the outcome of the impairment test with Ordina's stock exchange valuation. At year-end 2020, the value in use was approximately 13% higher than the stock exchange valuation (year-end 2019: around 49%). 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 in 2020, the difference between stock exchange valuation and value in use declined sharply and is within the bandwidth considered reasonable beforehand.

9 Leases

Lease contracts result in the recognition of a right of use asset 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.

The modifications/renewals of the contract related to buildings recognised in 2020 pertains to the extension of the lease for the office in Groningen. The contract modifications/renewals in 2019 pertains to the extension of the lease for the office in Eindhoven.

Changes in rights of use were as follows:

	2020				2019			
	Buildings	Cars	Other equipment	Total	Buildings	Cars	Other equipment	Total
At 1 January	21,183	15,251	612	37,046	23,985	10,451	-	34,436
Investments in new contracts	-	7,267	-	7,267	78	11,674	663	12,415
Modifications / renewals	1,557	-	-	1,557	346	-	-	346
Remeasurements	549	72	14	635	462	253	-	715
Amortisation	-3,590	-7,299	-125	-11,014	-3,688	-7,127	-51	-10,866
Carrying amount at 31 December	19,699	15,291	501	35,491	21,183	15,251	612	37,046

The lease liabilities can be specified as follows:

	2020	2019
At 1 January	38,111	36,096
Investments in new contracts	7,267	12,415
Modifications / renewals	1,557	346
Remeasurements	632	713
Interest costs	950	972
Lease payments (including IFRS 16 interest)	-11,825	-12,431
As at 31 December	36,692	38,111
Lease obligations - long term	26,885	28,289
Lease obligations - short term	9,807	9,822
Total	36,692	38,111

Lease liabilities are primarily related to lease and car lease contracts. The lease liabilities for other equipment pertain to lease contracts for printing equipment and other inventory. During the term of the underlying contracts, the lease liability is calculated plus an interest component and less the lease payments already made.

Lease payments related to the repayment component are recognised under the cash flows from financing activities. Lease payments related to the interest component are recognised under cash flows from operational activities.

Of the total lease liabilities of EUR 36.7 million at year-end 2020 (year-end 2019: EUR 38.1 million) around EUR 20.7 million pertains to lease contracts (year-end 2019: EUR 22.2 million), around EUR 15.5 million pertains to car lease contracts (year-end 2019: EUR 15.3 million), and around EUR 0.5 million pertains to other lease liabilities (year-end 2019: EUR 0.6 million). See note 4.3 for an analysis of the future outgoing cash flows related to lease liabilities.

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

	2020	2019
Depreciation of right-of-use assets	11,014	10,866
Interest expenses on lease liabilities	950	972
Expense relating to short-term leases	816	1,081
Expense relating to low-value leases	38	94
Variable lease payments	14	50
Total	12,832	13,063

Total lease payments amounted to around EUR 12.7 million in 2020 (2019: EUR 13.7 million).

10 Property, plant and equipment

Changes in the assets included in this line item can be specified as follows:

	2020				2019			
	Equipment	Fixtures and fittings	Renovations	Total	Equipment	Fixtures and fittings	Renovations	Total
At 1 January								
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 1 January	2,663	437	1,276	4,376	3,286	236	1,349	4,871
Movements in carrying amount								
Additions	1,625	386	827	2,838	1,044	320	569	1,933
Amortisation	-1,954	-151	-412	-2,517	-1,667	-119	-642	-2,428
Disposals	-	-	-	-	-	-	-	-
Carrying amount at 31 December	2,334	672	1,691	4,697	2,663	437	1,276	4,376
At 31 December								
Cost	10,794	2,204	6,838	19,836	13,179	1,879	6,075	21,133
Accumulated amortisation and impairments	-8,460	-1,532	-5,147	-15,139	-10,516	-1,442	-4,799	-16,757
Carrying amount at 31 December	2,334	672	1,691	4,697	2,663	437	1,276	4,376

10.1 Investments and disposals

Investments in equipment in 2020 were primarily replacement investments. Investments in inventory and renovations are largely related to the renovation of the offices in Nieuwegein. In addition, an amount of around EUR 0.3 million in investments in inventories pertains to the acquisition of home working stations in the Netherlands made available at the request of employees. Of the total investments, around EUR 0.5 million was related to our offices in Belgium and Luxembourg (2019: EUR 0.5 million).

Ordina made no material divestments in 2020 and 2019.

In 2020, Ordina decommissioned fully depreciated assets with an original purchase value of around EUR 4.1 million (2019: around EUR 1.7 million).

10.2 Impairment and reversal of impairment losses

Ordina did not recognise any impairment losses on property, plant and equipment in 2020 or 2019. Ordina did not reverse any prior-year impairments on property, plant and equipment in 2020.

11 Associated companies

This item can be specified as follows:

	2020	2019
At 1 January	340	364
Additions	-	-
Share of profit and impairment of associates	-17	-24
Dividends	-	-
Disposals	-	-
At 31 December	323	340

Ordina had two associates at year-end 2020 and 2019: Quli B.V. (the Netherlands, 25.0% interest) and Passwerk CVBA (Belgium, 37.3% interest).

The recognised results from participations in both 2020 and 2019 was entirely due to Quli B.V. Ordina did not recognise any result for Passwerk in 2020 and 2019 in connection with the restrictive conditions under which it is possible to pay out dividends by virtue of the social purpose of this company.

Ordina did not supply any services to or commission any services from Quli B.V. and Passwerk in either 2020 or 2019.

The item investments in associates, on the basis of the financial information at year-end 2020, can be broken down as follows:

	Quli B.V.	Passwerk CVBA
Assets	899	4,538
Liabilities	106	1,023
Revenue	901	7,215
Profit	-68	537
Other results (OCI)	-	-
Total comprehensive income	-68	537
Share	25.0%	37.3%

12 Deferred taxes

Deferred income tax assets can be specified as follows:

	2020	2019
Intangible assets and property, plant and equipment	7,926	8,003
Employee related provisions	254	237
Other provisions / long term	71	30
Recognised tax losses	4,072	5,963
At 31 December	12,323	14,233

In the statement of income for 2020, Ordina has recognised a deferred tax asset of around EUR 1.9 million (2019: around EUR 1.3 million). Deferred tax assets are measured at the set tax rates in the year in which said deferred tax assets are likely to be settled. At year-end 2020, deferred taxes were valued at 25.0% in the Netherlands. The previously adopted reduction in the nominal corporate income tax rate as of 2021 has been cancelled. As a result of the adjustment of the future nominal tax rates in the Netherlands, Ordina recognised a remeasurement of approximately EUR 1.6 million. The main changes within this remeasurement relate to intangible assets and property, plant and equipment (approximately EUR 1.0 million) and measured tax loss carry-forwards (around EUR 0.6 million). In 2019, Ordina reversed an amount of over EUR 1.1 million from previously processed depreciations.

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.

The deferred tax asset by virtue of intangible assets and property, plant and equipment includes an amount of around EUR 0.5 million related to measurement differences as a result of the application of IFRS 16 Leases (year-end 2019: around EUR 0.4 million). Due to the fact that expenses 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 0.5 million (year-end 2019: EUR 0.4 million) consists of a deferred tax asset of EUR 9.4 million (year-end 2019: EUR 9.0 million) and a deferred tax liability of EUR 8.9 million (year-end 2019: 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. 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 2020 took into account the corporate income tax rates as established definitively for the years 2021 and beyond. The previously announced reduction in the corporate income tax rate was not implemented at year-end 2020, as a result of which the corporate income tax rate of 25% remains in effect for the years after 2020. At year-end 2020, the losses in the Netherlands were therefore recognised at a rate of 25.0% (year-end 2019: average percentage of 22.7%). The total amount of available tax losses stood at approximately EUR 16.3 million at year-end 2020 (year-end 2019: approximately EUR 26.3 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 2020 and 2019, the available tax losses were fully recognised.

The measurement of tax loss carry-forwards is based on their assumed utilisation potential in the coming years. At year-end 2020, the Dutch government announced an amendment that will prevent the dilution of tax losses going forwards. However, there will be a restriction on the amount of tax loss carry-forwards. Since the amendment has not yet been formally adopted into law, Ordina has not yet factored this into the measurement of losses at year-end 2020. The measurement at year-end 2020 therefore does not take into account a remaining carry-forward period of one to seven years. The proposed amendment to the rules on tax loss carry-forwards is not expected to have an impact on Ordina's measurement of tax loss carry-forwards. 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 tax loss carry-forwards may vary from these estimates. If in the context of a sensitivity analysis, Ordina conducts an assessment in which the EBITDA margin is reduced by 0.25% or 0.50% respectively in the five-year projection, this would not result in a potential devaluation of the deferred tax asset.

Around EUR 9.1 million of the deferred tax assets had a term of more than one year at year-end 2020 (year-end 2019: around EUR 11.0 million).

Movements in deferred income tax assets in 2020 and 2019 can be specified as follows:

	2020						2019					
	Closing balance previous year	Adjustments	Opening balance	Recognised in income statement	Recognised in consolidated statement of comprehensive income	Closing balance	Closing balance previous year	Adjustments	Opening balance	Recognised in income statement	Recognised in consolidated statement of comprehensive income	Closing balance
Intangible assets and property, plant and equipment	8,003	-	8,003	-77	-	7,926	5,968	347	6,315	1,688	-	8,003
Employee related provisions	237	-	237	38	-21	254	176	-	176	3	58	237
Other provisions / long term	30	-	30	41	-	71	22	-	22	8	-	30
Recognised tax losses	5,963	-	5,963	-1,891	-	4,072	9,011	-	9,011	-3,048	-	5,963
	14,233	-	14,233	-1,889	-21	12,323	15,177	347	15,524	-1,349	58	14,233

13 Financial instruments by category

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

	2020					2019				
	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	58,670	-	-	-	58,670	64,056	-	-	-	64,056
Trade payables and other short-term liabilities	-67,518	-	-	-	-67,518	-72,657	-	-	-	-72,657
Total at 31 December	-8,848	-	-	-	-8,848	-8,601	-	-	-	-8,601

14 Trade receivables and other short-term assets

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

	2020	2019
Trade receivables	37,937	41,150
Provision for impairment of trade receivables	-862	-531
Trade receivables - net	37,075	40,619
Unbilled receivables	14,626	17,264
Contract assets	5,991	5,582
Other receivables	315	266
Prepayments and accrued income	2,645	3,696
At 31 December	60,652	67,427

As at 31 December 2020, trade receivables of around EUR 4.5 million (year-end 2019: around EUR 9.6 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 fair value of the trade receivables and other short-term assets approximates their net carrying amount.

The decline of approximately EUR 3.5 million in net receivables was primarily due to strict working capital management, which resulted in the positive development of the cash position.

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

	2020	2019
Trade receivables not impaired and not past due	32,545	30,976
Trade receivables not impaired and past due:		
Up to 1 month	2,972	6,200
1 to 2 months	712	1,223
2 to 3 months	142	592
Over 3 months	704	1,628
	4,530	9,643
Trade receivables - net	37,075	40,619

Movements in the provision for doubtful debts were as follows:

	2020	2019
At 1 January	531	570
Provision for receivables impairment	470	198
Receivables written off during the year as uncollectible	-36	-74
Unused amounts reversed	-103	-163
At 31 December	862	531

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 2020, trade receivables and other current assets amounting to around EUR 49.5 million had been provided as collateral as security for the financing facility (year-end 2019: around EUR 31.2 million). The increase in the trade receivables and other current assets provided as collateral was due to the fact that in 2020 Ordina provided additional collateral for Ordina Belgium N.V.

At year-end 2020, Ordina recognised a provision of around EUR 1.0 million for expected credit losses on trade receivables, unbilled revenue and contract assets (year-end 2019: around EUR 0.6 million). The increase in this provision for expected credit losses was partly due to an adjustment in the estimates for future credit losses as a result of Covid-19. 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 2020 and year-end 2019.

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):

	2020	2019
the Netherlands	33,119	38,008
Belgium/Luxembourg	25,551	26,048
Total	58,670	64,056

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

	2020	2019
Public	5,748	7,895
Finance	8,245	9,837
Industry	23,944	23,418
At 31 December	37,937	41,150

The creditworthiness 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 creditworthiness of the debtors, less provisions:

	2020	2019
Debtors with external credit rating		
A-AA	11,038	7,414
B-BBB	-	605
	11,038	8,019
Debtors without external credit rating		
Low credit risk	20,819	28,310
Medium credit risk	4,498	4,290
High credit risk	720	-
	26,037	32,600
At 31 December	37,075	40,619

No credit rating is available for public sector bodies. Receivables due from public sector bodies are qualified as low risk.

15 Cash and cash equivalents

The balances disclosed in this item are at Ordina's free disposal. At year-end 2020, an amount of around EUR 3.0 million (year-end 2019: around 0.3 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:

	2020	2019
A-AA	44,405	24,649
B-BBB	-	-
At 31 December	44,405	24,649

In July 2019, Ordina extended its existing financing facility agreed with ABN Amro and ING. This financing facility is for an amount of EUR 30 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. In 2020, Ordina and its banks agreed a first extension as a result of which the agreement now ends as of July 2023.

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 Ratio).

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 2020.

	"Realisation year-end 2020"	"Finance agreement"
Leverage ratio	-1.2	=< 2,5
Interest Cover Ratio	229.8	>= 5,0
Guarantor Cover Ratio	93%	>= 80%
Security Cover (in euro millions)	49.5	>= 30.0

16 Paid-up and called-up capital

Movements in paid-up and called-up capital in 2020 and 2019 were as follows:

	2020		2019	
	Number of outstanding shares	" Issued capital (in euro's) "	Number of outstanding shares	" Issued capital (in euro's) "
<i>(In thousands)</i>				
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

16.1 Paid-up and called-up share capital

The total authorised capital amounted to EUR 20 million at year-end 2020, and consisted of 199,999,995 shares with a par value of EUR 0.10 per share, plus one priority share with a par value of EUR 0.50, divided as follows:

- Priority shares: 1
- Preference shares: 39,999,995
- Ordinary shares: 160,000,000

At year-end 2020, one priority share and 93,255,929 ordinary shares were fully paid up (year-end 2019: one priority share and 93,255,929 ordinary shares).

No new shares were issued in 2020 or 2019.

For the settlement of the variable long-term bonuses for the period 2017-2019, which took place in the first half of 2020, Ordina acquired and then immediately paid out a total of 222,453 treasury shares. These shares were purchased at an average share price of EUR 2.282 per share. Ordina N.V. did not hold any treasury shares at either year-end 2020 or 2019.

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

16.2 Share and share option schemes

At both year-end 2020 and year-end 2019, 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 2.14.2). In this context, at year-end 2020 shares in Ordina N.V. were awarded conditionally to the members of the Management Board (total of 601,770 shares) and to the senior management (total of 973,038 shares).

We refer to section 31.2.2 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 2020 can be broken down as follows:

	2020					2019	
<i>(In thousands)</i>	Conditionally granted number of shares	Grant date	Share price at grant	Fair value on grant date	Percentage	Recognised in profit & loss 2020	Recognised in profit & loss 2019
LTI 2017-2019						n.a.	105
LTI 2018-2020	286,935	05-07-18	1.89	542	135%	475	117
LTI 2018-2020	17,788	09-05-19	1.75	31	135%	33	9
LTI 2019-2021	394,320	09-05-19	1.75	690	107%	274	186
LTI 2019-2021	-	26-09-19	1.68	-	107%	-1	1
LTI 2020-2022	273,995	22-06-20	1.92	526	85%	101	n.a.
	973,038			1,789		882	418

17 Reserves

Movements in reserves can be specified as follows:

	2020				2019			
	Share premium reserve	Retained earnings	Profit for the year	Total	Share premium reserve	Retained earnings	Profit for the year	Total
At 1 January	136,219	3,077	14,875	154,171	136,219	336	6,873	143,428
Prior-year retained earnings	-	14,875	-14,875	-	-	6,873	-6,873	-
Dividend distribution to shareholders	-	-8,859	-	-8,859	-	-4,663	-	-4,663
Share based payments - treasury shares settlement	-	-673	-	-673	-	-91	-	-91
Share-based payments - personnel expenses	-	1,492	-	1,492	-	783	-	783
Actuarial gains and losses	-	64	-	64	-	-161	-	-161
Net profit for the year	-	-	22,290	22,290	-	-	14,875	14,875
At 31 December	136,219	9,976	22,290	168,485	136,219	3,077	14,875	154,171

The settlement of share-based bonuses via the purchase of treasury shares resulted in a negative financial cash flow of EUR 0.7 million in 2020 (2019: EUR 0.1 million). This pertained to the purchase of treasury shares for the settlement of the obligation (see note 16.1).

Share-based bonuses in the amount of EUR 1.5 million was recognised under personnel expenses charged to the result in 2020 (2019: EUR 0.8 million) (see note 22). Around EUR 0.6 million of this amount pertains to the Management Board's share-based bonuses (2019: EUR 0.4 million).

The company financial statements included a statutory reserve charged to the retained earnings in the sum of around EUR 1.7 million at year-end 2020 (year-end 2019: around EUR 2.3 million) (see note 36).

18 Borrowings

As at 31 December 2020 and year-end 2019, Ordina Group has no non-current borrowings, other than liabilities ensuing from lease contracts.

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

	2020						2019					
	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	38,111	-11,832	-	-	10,413	36,692	-	-12,431	-	-	50,542	38,111
Dividend distribution to shareholders	-	-8,859	-	-	8,859	-	-	-4,663	-	-	4,663	-
Total liabilities from financing activities	38,111	-20,691	-	-	19,272	36,692	-	-17,094	-	-	55,205	38,111

Other changes pertaining to lease liabilities are mainly indexation obligations in lease contracts and new car lease contracts entered into in the relevant calendar years. Of the other changes in 2019 pertaining to the lease liabilities, EUR 36.1 million was the result of the first-time application of IFRS 16 Leases.

The other changes are related to the General Meeting's resolutions to pay out a dividend adopted on 10 December 2020 and 4 April 2019 respectively. Following these resolutions, in 2020 and 2019 Ordina paid out an amount of around EUR 8.9 million and around EUR 4.7 million from the net profit for 2019 and 2018 respectively as dividend to its shareholders.

Ordina recognises dividend to be paid out to shareholders as a liability at the moment that the General Meeting adopts a resolution to pay out a dividend.

19 Employee Benefits

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

	2020	2019
the Netherlands	836	1,002
Belgium/Luxembourg	179	81
At 31 December	1,015	1,083

19.1 Provision arising from defined benefit pension plans the Netherlands

The provision arising from defined benefit pension plans in the Netherlands can be broken down as follows:

	2020	2019
Defined benefit obligation	10,420	9,734
Less: fair value of plan assets	9,584	8,732
At 31 December	836	1,002

Movements in the defined benefit obligation were as follows:

	2020	2019
At 1 January	9,734	8,160
Current service cost	-	-
Interest cost	121	163
Contributions by plan participants	-	-
Benefits paid	-75	-68
Actuarial gains and losses	640	1,479
Defined benefit obligation at 31 December	10,420	9,734

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

	2020	2019
At 1 January	8,732	7,300
Expected return on plan assets	109	146
Employer contributions	29	28
Benefits paid	-75	-68
Actuarial gains and losses	789	1,326
Fair value of plan assets at 31 December	9,584	8,732

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 2020, 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 minus EUR 4.3 million (year-end 2019: minus EUR 4.4 million).

The amounts recognised in the income statement were as follows:

	Notes	2020	2019
Current service cost		-	-
Interest cost		121	163
Expected return on plan assets		-109	-146
Total, included in personnel expenses	22	12	17

The costs that will be charged to the 2021 result are expected to amount to approximately EUR 7,000. The actual return on plan assets was EUR 0.9 million (2019: EUR 1.5 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:

	2020	2019
Discount rate at 31 December	0.80%	1.25%
Expected return on plan assets	0.80%	1.25%

In the event that the discount rate were to be raised or lowered by 0.20% (2019: 0.25%) in the context of a sensitivity analysis, the obligation ensuing from the defined benefit plan would amount to EUR 10.0 million (2019: EUR 9.2 million) or EUR 10.9 million (2018: EUR 10.3 million) respectively.

Assumptions with respect to life expectancy are based on published statistics. The life expectancy at year end 2020 is based on the most recent prognosis table, published by the Dutch Actuarial Association in 2020 (Prognosetafel AG2020). 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:

	2020	2019
Male, age of 65	21.8	22.2
Female, age of 65	24.2	24.6
Male, age of 66	20.8	21.2
Female, age of 66	23.2	23.6
Male, age of 67	19.9	20.3
Female, age of 67	22.3	22.6

The average life expectancy in years of a participant currently 45 years of age retiring at age 65, 66 and 67 is as follows:

	2020	2019
Male, age of 65	24.1	24.2
Female, age of 65	26.4	26.5
Male, age of 66	23.2	23.2
Female, age of 66	25.4	25.5
Male, age of 67	22.2	22.3
Female, age of 67	24.4	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 2016 through 2020:

	2020	2019	2018	2017	2016
Defined benefit obligation	10,420	9,734	8,160	8,139	7,921
Less: fair value of plan assets	9,584	8,732	7,300	7,274	7,065
Defined benefit obligation	836	1,002	860	865	856
Experience adjustments on plan liabilities	-640	-1,479	73	-121	-744
Experience adjustments on plan assets	789	1,326	-78	105	693

19.2 Provision arising from defined benefit pension plans in Belgium

Ordina Belgium N.V. has a pension plan with a defined contribution from the employer. Ordina Belgium N.V.'s obligation with respect to payments before 1 January 2016 is limited to the deposit of premiums and a legal minimum return of 3.25% on these deposits in so far as the guaranteed return from the insurer is lower. With respect to deposits after 1 January 2016, the return guarantee for the employers becomes variable. The legal minimum guarantee of 1.75% is applicable to premiums paid from 2016 onwards.

From 2016 onwards, these pension plans qualify as defined benefit plans under IAS 19R, and the projected unit credit method has been used to calculate the cash value of the obligation. The value of the plan assets stood at EUR 4.4 million at year-end 2020 (year-end 2019: EUR 3.2 million). The cash value of the obligations was EUR 4.6 million at year-end 2020 (year-end 2019: EUR 3.3 million). The provision for this plan at year-end 2020 was on balance EUR 0.2 million (year-end 2019: EUR 0.1 million).

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 2020 (year-end 2019: minus 0.1 million).

20 Other short-term provisions

Other short-term provisions can be specified as follows:

	2020				2019			
	Projects	Redundancy costs	Other	Total	Projects	Redundancy costs	Other	Total
At 1 January	414	610	453	1,477	55	1,089	310	1,454
Reclassifications	453	-	-453	-	-	-	-	-
Additions	77	2,826	-	2,903	379	1,934	143	2,456
Unused amounts	-144	-33	-	-177	-	-90	-	-90
Used during the year	-111	-2,658	-	-2,769	-20	-2,323	-	-2,343
At 31 December	689	745	-	1,434	414	610	453	1,477
Presented as current liabilities	-	-495	-	-495	-	-610	-	-610
At 31 December	689	250	-	939	414	-	453	867

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. Of the total provision of EUR 0.7 million at year-end 2020, an amount of EUR 0.5 million is recognised under accrued liabilities. At year-end 2019, the full provision for redundancy costs of EUR 0.6 million was recognised under current liabilities.

The provisions had a term of less than one year at both year-end 2020 and year-end 2019.

21 Trade payables and other current liabilities

This item can be specified as follows:

	2020	2019
Trade payables	11,713	19,178
Contract liabilities	5,265	5,345
Taxes and social security	23,660	22,511
Pension contributions	161	254
Other payables	21	66
Accruals and deferred income	26,698	25,303
At 31 December	67,518	72,657

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 2020, EUR 11.7 million pertained to payroll tax and social security contributions (year-end 2019: EUR 10.6 million) and EUR 11.6 million pertained to turnover tax (year-end 2019: EUR 11.9 million). In connection with the payability of the dividend as of 22 December 2020, the line item taxes also includes an amount of EUR 0.3 million in dividend taxes (year-end 2019: nil).

Other current liabilities include commitments for holiday allowance, leave day entitlements, bonuses, year-end payments, redundancy costs 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 2020 and year-end 2019.

The provision for redundancy costs recognised under accruals and deferred income stood at EUR 0.5 million at year-end 2020 (year-end 2019: EUR 0.6 million).

22 Personnel expenses

Personnel expenses can be specified as follows:

	2020	2019
Salaries	153,659	150,389
Social charges	28,463	29,536
Defined benefit obligation	12	17
Defined contribution obligation	8,533	8,903
Other personnel expenses	24,417	28,271
Total	215,084	217,116

Other personnel expenses include car expenses (2020: around EUR 14.2 million; 2019: around EUR 16.0 million), hotel and travel expenses (2020: around EUR 1.2 million; 2019: around EUR 3.4 million), and study costs (2020: around EUR 2.0 million; 2019: around EUR 2.5 million). The 2020 car expenses include a sum of around EUR 5.9 million for the service component in car lease contracts (2019: EUR 6.0 million). The decline in car, travel and accommodation expenses was primarily due to the fact that employees were forced to work from home for a large part of 2020.

In 2020, Ordina recognised an amount of around EUR 3.2 million under personnel expenses for redundancy costs (2019: around EUR 2.2 million). EUR 2.8 million of these redundancy costs were incurred in the Netherlands (2019: EUR 1.8 million), and the remaining EUR 0.4 million were incurred in Belgium/Luxembourg (2019: EUR 0.4 million)

Personnel expenses included an expense of approximately EUR 1.5 million for share-based payments in 2020 (2019: around EUR 0.8 million). Around EUR 0.6 million (2019: around EUR 0.4 million) of these expenses pertain to the Management Board's bonus scheme, while around EUR 0.9 million (2019: around EUR 0.4 million) pertain to the senior management's bonus scheme.

In Belgium, Ordina made use of a so-called Temporary Unemployment scheme, which was part of the government's Covid-19 support measures. As a result, the government bore part of the salary costs of employees who qualified for this Temporary Unemployment scheme. As a result, staff costs for 2020 were more than EUR 1.1 million lower.

The item personnel expenses includes an amount of around EUR 0.2 million relating to the compensation scheme for transition allowances paid in previous years to employees on long-term occupational disability (2019: nil).

The item personnel expenses includes the recognition of labour costs subsidies of around EUR 0.9 million (2019: EUR 0.9 million).

The average workforce numbered 2,572 FTEs in 2020 (2019: 2,573 FTEs). At year-end 2020, Ordina employed 2,586 FTEs (year-end 2019: 2,629 FTEs). The number of FTEs employed in the Netherlands stood at 1,626 at year-end 2020 (year-end 2019: 1,717 FTEs). The number of FTEs working at the Belgium and Luxembourg-based group companies stood at 960 at year-end 2020 (year-end 2019: 912 FTEs).

23 Other operating expenses

Other operating expenses can be specified as follows:

	2020	2019
Office accommodation costs	2,309	2,455
Marketing and selling expenses	1,629	2,085
Other expenses	8,986	9,953
Total	12,924	14,493

Office rental costs included an amount of around EUR 0.3 million in 2020 (2019: around EUR 0.3 million) related to lease contracts. In addition to office rental costs recognised in other operating expenses, under application of IFRS 16 Leases, Ordina recognised a depreciation of the rights of use on leased offices of EUR 3.6 million (2019: EUR 3.7 million) and an interest expense on the lease liability of EUR 0.6 million (2019: 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.

Other expenses include information management, 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:

	2020			2019		
	EY the Netherlands	Other EY network	Total EY network	EY the Netherlands	Other EY network	Total EY network
Audit of the financial statements	356	50	406	353	47	400
Other assurance activities	186	1	187	148	-	148
Tax advise	-	-	-	-	-	-
Other non-audit activities	-	-	-	-	-	-
Total	542	51	593	501	47	548

24 Finance income and expenses

Finance income and expenses can be specified as follows:

	2020	2019
Finance income	-	-
Finance costs	-1,234	-1,125
Total	-1,234	-1,125

Finance expenses can be specified as follows:

	2020	2019
Interest costs finance agreement	-60	-37
Other finance costs	-224	-116
Finance costs - other	-284	-153
Finance costs - lease liabilities	-950	-972
Total finance costs	-1,234	-1,125

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).

25 Income tax expense

	2020	2019
current income tax for the year	-5,759	-4,592
current income tax prior years	-43	8
Total current income tax	-5,802	-4,584
Deferred income tax for the year	-3,293	-2,797
Deferred income tax prior years	-236	307
Deferred income tax impact rate adjustment	1,640	1,141
Total deferred income tax	-1,889	-1,349
Total	-7,691	-5,933

	2020	2019
Net profit for the year	22,290	14,875
Income tax expense	7,691	5,933
Profit before income tax	29,981	20,808
Effective tax rate	25.7%	28.5%

(in thousands)	2020		2019	
	%	Income tax expense	%	Income tax expense
Applicable tax rate	25.0	7,495	25.0	5,202
Differences with foreign tax rates	0.1	28	2.4	501
Non-deductible expenses	4.8	1,427	6.0	1,250
Remeasurement of deferred tax assets	-	-	-1.5	-305
Tax exempt income	-	4	-	6
Incidental items	-5.1	-1,541	-3.4	-722
Adjustments for prior years	0.9	278	-	1
Effective tax rate	25.7	7,691	28.5	5,933

The effective tax rate amounted to 25.7% in 2020 (2019: 28.5%). The effective tax rate in 2020 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 2021 and subsequent years. As of 2021, the nominal corporate income tax rate in the Netherlands will remain at 25.0% (at year-end 2019 a reduction had been set to 21.7%). As a result of the adjustment to these future tax rate cuts, in 2020 Ordina recognised a remeasurement of its deferred tax asset of around EUR 1.6 million. At year-end 2019, Ordina had recognised a remeasurement of a previous depreciation of around EUR 1.1 million. This adjustment in the measurement is recognised under incidental items.

The adjusted effective tax rate for 2020, 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 31.1% (adjusted effective tax rate 2019: 34.0%). The reduction in the adjusted effective tax rate in 2020 was due in part to the reduction of the nominal tax rate in Belgium to 25.0% from 29.6%, with effect from 2020.

The nominal tax rate was 25.0% in 2020, as applicable in the Netherlands. The adjusted effective tax rate of 31.1% is around 6.1% higher than the nominal tax rate in the Netherlands. So-called non-deductible items increased the effective tax rate by around 4.8%. These non-deductible amounts pertain 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 2019, there was a difference of around 2.4% due to the rate differences in other countries, which pertained to the higher nominal tax rate applicable in 2019 in Belgium

(29.58%) and Luxembourg (25.6%). As a result of the reduction of the nominal tax rate in Belgium, the impact of foreign tax rate differences was limited to 0.1% in 2020. The remaining difference of on balance around 0.5% pertains to other differences, including adjustments for previous years, tax exempt income and the share in the results of participations..

The adjustments in 2020 for previous years were primarily related to the write-down of the deferred tax asset for tax loss carry-forwards in the Netherlands.

This write-down was taken in line with the 2019 corporate income tax return. This tax return included an additional tax loss carry-forward due to the release of a reserve for a rent-free period which, pursuant to IFRS 16, was recognised as part of the right of use and lease liability for the office location in question.

26 Earnings per share

26.1 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.

	2020	2019
Profit for the year	22,290	14,875
<i>Average number of outstanding shares (in thousands)</i>	93,256	93,256
Earnings per share- basic (in euros)	0.24	0.16

26.2 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.

	2020	2019
Profit for the year	22,290	14,875
<i>Average number of outstanding shares (in thousands)</i>	93,256	93,256
Adjustment for share-based payment obligations	1,575	1,444
Total	94,831	94,700
Earnings per share - diluted (in euros)	0.24	0.16

27 Dividend per share

A proposal will be submitted to the General Meeting to pay out 60% of the net profit for 2020, in line with the dividend policy, which results in a dividend of 14.3 eurocents per share (2019: 9.5 eurocents). and that this be increased on a one-off basis to 23.9 eurocents. Based on this proposal, including the one-off increase, the full net profit for 2020 will be paid out in dividend.

On account of uncertain market conditions due to the Covid-19 pandemic, in early 2020 Ordina decided not to propose a dividend pay-out. However, the good financial results in 2020 resulted in a strong balance sheet that provides a sufficient buffer even in uncertain times. Ordina therefore proposed that the previously cancelled dividend of 9.5 eurocents per share would be paid in the fourth quarter of 2020. The General Meeting of 10 December 2020 approved the payment of an interim cash dividend of 9.5 eurocents per ordinary Ordina N.V. share, to be paid from the general reserves. Following this decision, Ordina paid out a total of EUR 8.9 million in dividend to its shareholders.

28 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 2020 or year-end 2019.

29 Commitments, contingencies and contractual obligations and rights

Ordina N.V. and its group companies issued guarantees for a total amount of around EUR 1.8 million in 2020 (2019: approximately EUR 1.9 million). Of these guarantees, around EUR 1.2 million is related to lease liabilities (year-end 2019: more than EUR 1.3 million) and around EUR 0.6 million pertained to client relations (year-end 2019: more than EUR 0.6 million).

Ordina has expenditure commitments totalling EUR 1.2 million (year-end 2019: nil) related to intangible assets and property, plant and equipment. Approximately EUR 0.9 million of this capital expenditure commitment is related to the renovation of the Nieuwegein office.

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 has total liabilities of around EUR 4.9 million for the service component of car lease contracts with a term of less than one year (2019: around EUR 5.2 million).

All buildings where group companies are located are leased. Ordina does not own any buildings. Ordina has 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 (2019: around EUR 0.3 million).

The other liabilities pertain to long-term contract agreements between Ordina and suppliers.

The other financial obligations at year-end 2020 and 2019 can be specified as follows:

	2020				2019			
	Buildings	Cars	Other	Total	Buildings	Cars	Other	Total
Not later than 1 year	347	4,874	2,160	7,381	286	5,206	548	6,040
Later than 1 year and not later than 5 years	945	7,909	1,841	10,695	782	8,743	1,704	11,229
Later than 5 years	34	-	-	34	9	-	-	9
Totaal	1,326	12,783	4,001	18,110	1,077	13,949	2,252	17,278

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.

With one of its suppliers Ordina is involved in a legal procedure regarding the status, interpretation and fulfillment of a set of agreements. As a result of the evaluation of a purchase obligation of Ordina, parties committed to entering into a new agreement without such obligation by settlement agreement. Parties now differ in opinion about the status and interpretation of this new agreement, partly in the context of their composition of agreements. The supplier has initiated legal proceedings about this. Ordina takes the view that there is no question of a purchase obligation or alternative compensation. The outcome of the legal proceedings may result in significant financial impact, which cannot be estimated reliably at this time given the course of the proceedings, the complexity of the case and the stage reached in the proceedings. For the above reasons, Ordina has not set aside a provision.

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 recognise 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 2020, trade and other receivables valued at approximately EUR 49.5 million had been pledged as security (year-end 2019: approximately EUR 31.2 million) for the financing facility.

30 Acquisitions and disposals

30.1 Acquisitions

Ordina made no acquisitions in 2020 or 2019. As at year-end 2020 and year-end 2019, Ordina had no earn-out obligations relating to acquisitions in previous years

31 Related parties

31.1 Identiteit verbonden partijen

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 2020 and 2019 can be specified as follows:

	2020	2019
Salary	873	875
Variable component/short-term, cash based	348	373
Variable component/long-term, share based	594	365
Pension costs	14	12
Extraordinary items	69	92
Total	1,898	1,717

31.2 Transactions with the members of the Management Board and Supervisory Board

31.2.1 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 2020 and 2019 respectively:

	J.G. Maes		J.W. den Otter		Totaal	
	2020	2019	2020	2019	2020	2019
Salary	387	387	271	271	658	658
Variable component/short-term, cash based	205	219	143	154	348	373
Variable component/long-term, share based	349	215	245	150	594	365
Pension costs	7	6	7	6	14	12
Extraordinary items	43	64	26	28	69	92
Total	991	891	692	609	1,683	1,500

Total remuneration of the members of the Management Board combined was around EUR 1.7 million in 2020 (2019: around EUR 1.5 million).

The long-term component of the variable remuneration pertains to a payment in Ordina N.V. shares; these 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 variable long-term remuneration component 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 2018 through 2020, Mr. Maes and Ms. Den Otter were unconditionally granted a total of 167,285 and 117,099 Ordina N.V. shares respectively. This is equivalent to a payment percentage of approximately 135.3% of the on-target remuneration. Of the total payment percentage, 94.8% pertains to the financial targets and 40.5% to the non-financial targets.

In the context of the settlement of the variable long-term bonus for the periods 2019-2021 and 2020-2022 respectively, the departing CFO, Mrs. Den Otter, has been granted a total of 86,211 shares in Ordina N.V.

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 2020	Recognised in profit & loss 2019
J.G. Maes							
Regeling 2016-2018						n.a.	93
Regeling 2017-2019	123,686	25-04-18	1.79	221	135%	196	48
Regeling 2018-2020	135,724	22-03-19	1.85	251	107%	99	74
Regeling 2019-2022	94,573	12-02-20	2.16	204	85%	54	n.a.
	353,983					349	215
J.W. den Otter							
Regeling 2016-2018						n.a.	64
Regeling 2017-2019	86,580	25-04-18	1.79	155	135%	137	34
Regeling 2018-2020	95,006	22-03-19	1.85	176	107%	70	52
Regeling 2019-2022	66,201	12-02-20	2.16	143	85%	38	n.a.
	247,787					245	150
Totaal	601,770					594	365

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.

Ordina provides the members of the Management Board with a car, a laptop and a mobile phone. The related amounts for the members of the Management Board were around EUR 0.1 million in 2020 (2019: 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 members of the Management Board.

31.2.3 Shares held by the members of the Management Board

At year-end 2020, the members of the Management Board held 283,773 shares in Ordina N.V. (year-end 2019: 139,634 shares). The shares are distributed among the members of the Management Board as follows:

	2020	2019
J.G. Maes	203,857	98,579
J.W. den Otter	79,916	41,055
Total	283,773	139,634

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

At year-end 2020 and year-end 2019, Ordina had not issued any option rights to the members of the Management Board.

31.2.5 Remuneration of the Supervisory Board

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

	2020	2019
J. van Hall, chairman	65	65
C. Princen, vicevoorzitter	47	47
D.J. Anbeek (resigned per 30 June 2020)	24	48
J. Niessen (resigned per 22 September 2020)	32	45
Michiels, F. (appointed per 30 June 2020)	23	-
Menssen, T. (appointed per 30 June 2020)	24	-
P.G. Boumeester (resigned per 4 April 2019)	n.a.	12
Total	215	217

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

31.2.6 Shares held by the members of the Supervisory Board

At year-end 2020, the members of the Supervisory Board held no shares in Ordina N.V. (year-end 2019: 14,460,967 shares). The shares are distributed among the members of the Supervisory Board as follows:

	2020	2019
J. van Hall, chairman	-	-
C. Princen, vice chairman	-	-
D.J. Anbeek	n.a.	35,000
J. Niessen (held through Mont Cervin S.a.r.l.)	n.a.	14,425,967
F. Michiels	-	n.a.
T. Menssen	-	n.a.
Total	-	14,460,967

32 Events after the balance sheet date

On 4 February 2021, F. Michiels stepped down from Ordina's Supervisory Board in connection with his appointment as COO at IT services provider Computerland, part of the NRB Group.

No other events occurred after 31 December 2020 that have a material impact on, or warrant restatement of the financial statements.

COMPANY BALANS SHEET AS AT 31 DECEMBER OF ORDINA N.V. (BEFORE APPROPRIATION OF PROFIT)

<i>(In euro thousands)</i>	Notes	2020	2019
Assets			
Non-current assets			
Investments in associates	34	174,270	157,352
Deferred income tax assets	35	4,258	6,143
Total non-current assets		178,528	163,495
Total current assets			
Other receivables		-	-
Current income tax receivables		-	2
Total current assets		-	2
Total assets		178,528	163,497

COMPANY BALANCE SHEET AS AT 31 DECEMBER OF ORDINA N.V. (BEFORE APPROPRIATION OF PROFIT, CONTINUED)

<i>(In euro thousands)</i>	Notes	2020	2019
Equity and liabilities			
Equity			
Paid-up and called-up share capital	36	9,326	9,326
Share premium reserve	36	136,219	136,219
Statutory reserve	36	1,676	2,349
Retained earnings	36	8,300	728
Profit for the year	36	22,290	14,875
Total equity		177,811	163,497
Liabilities			
<i>Current liabilities</i>			
Current tax payable		391	-
Trade payables and other short term liabilities		326	-
<i>Total current liabilities</i>		717	-
Total liabilities		717	-
Total equity and liabilities		178,528	163,497

COMPANY INCOME STATEMENT

<i>(in euro thousands)</i>	Notes	2020	2019
Revenue		-	-
Bedrijfslasten			
Other operating expenses		-1	-1
Total operating expenses		-1	-1
Operating profit		-1	-1
Finance income	-	2	3
Finance costs	-	-	-
Finance costs - net		2	3
Share of profit of associates	34	22,167	16,455
Net profit for the year		22,168	16,457
Income tax expense		122	-1,582
Net profit for the year		22,290	14,875

The notes 33 through 36 are an integral part of these company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

33 General

33.1 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.

33.2 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.

33.3 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.

34 Financial assets

This item can be specified as follows:

	2020			2019		
	Investments in group companies	Receivables from group companies	Total	Investments in group companies	Receivables from group companies	Total
Closing balance previous year	154,553	2,799	157,352	137,844	5,971	143,815
First time adoption new IFRS's	-	-	-	-276	-	-276
At 1 January	154,553	2,799	157,352	137,568	5,971	143,539
Investments/loans advanced	-6,180	867	-5,313	691	-3,172	-2,481
Actuarial gains and losses	64	-	64	-161	-	-161
Share of profit of associates	22,167	-	22,167	16,455	-	16,455
At 31 December	170,604	3,666	174,270	154,553	2,799	157,352

35 Deferred income tax assets

Deferred income tax assets can be specified as follows:

	2020	2019
Intangible assets and property, plant and equipment	185	180
Recognised tax losses	4,073	5,963
At 31 December	4,258	6,143

Ordina recognises tax loss carry-forwards if it expects to utilise said tax loss carry-forwards (total at year-end 2020: around EUR 16.3 million; year-end 2019: around EUR 26.3 million). Recognition is at the nominal tax rate that will apply to future financial years. At year-end 2020, around EUR 2.2 million (year-end 2019: around EUR 4.0 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.

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.

36 Equity

Movements in equity in 2020 and 2019 were as follows:

	2020						2019					
	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
At 1 Januari	9,326	136,219	2,349	728	14,875	163,497	9,326	136,219	2,517	-2,181	6,873	152,754
Prior-year retained earnings	-	-	-	14,875	-14,875	-	-	-	-	6,873	-6,873	-
Dividend distribution to shareholders	-	-	-	-8,859	-	-8,859	-	-	-	-4,663	-	-4,663
Share based payments - treasury shares settlement	-	-	-	-673	-	-673	-	-	-	-91	-	-91
Share-based payments - personnel expenses	-	-	-	1,492	-	1,492	-	-	-	783	-	783
Actuarial gains and losses	-	-	-	64	-	64	-	-	-	-161	-	-161
Profit for the year	-	-	-	-	22,290	22,290	-	-	-	-	14,875	14,875
Movement regarding statutory reserve	-	-	-673	673	-	-	-	-	-168	168	-	-
At 31 December	9,326	136,219	1,676	8,300	22,290	177,811	9,326	136,219	2,349	728	14,875	163,497

The share premium reserve at year-end 2020 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 2019: 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 2020 and year-end 2019, Ordina N.V. had not purchased any treasury shares.

At year-end 2020 and year-end 2019, 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 31.2.2.

Management Board

J.G. Maes, *CEO*

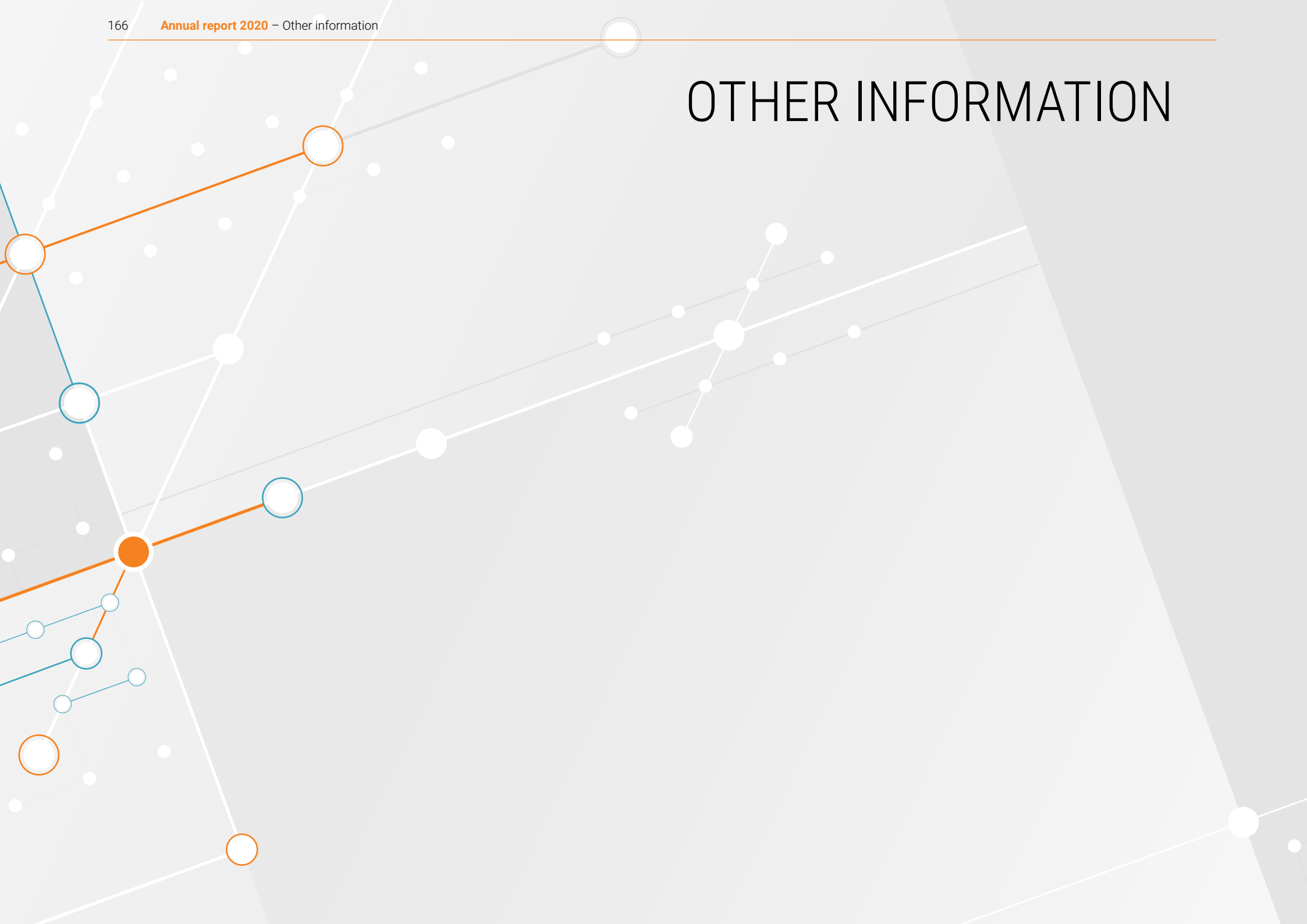
Supervisory Board

J. van Hall, *Chairman*

C. Princen, *Vice-Chair*

T. Menssen

OTHER INFORMATION



List of group companies/principal associates

	Registered office	Participation as a % at year-end 2020	Participation as a % at year-end 2019
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	100
Ordina Beheer & Outsourcing B.V.*	Nieuwegein	100	100
Ordina Sourcing B.V. *	Nieuwegein	100	100
Clockwork B.V.*	Amsterdam	100	100
SourcePower B.V.*	Nieuwegein	100	100
Ordina Belgium N.V.	Mechelen (Belgium)	100	100
Ordina Luxembourg SA	Windhof (Luxembourg)	100	100

All group companies listed above are fully consolidated. The company has issued declarations of joint and several liability (pursuant to Section 403, Part 9 of Book 2 of the Dutch Civil Code) for the subsidiaries marked *. These companies were given permission to prepare financial statements based on a format that is in contravention of the provisions of said Part of the Dutch Civil Code.

Independent Auditor's Report

For the Independent Auditor's Report we refer to page 169 in the Dutch version of the Annual Report 2020.

Assurance-report

For the Assurance-report we refer to page 179 in the Dutch version of the Annual Report 2020.

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.

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.

Direct employee/professional: employee who can book billable hours for clients and does not have a full-time staff or management position.

Global Reporting Initiative: International organisation that draws up guidelines for corporate social responsibility reporting.

Sustainable Development Goals (SDGs): The Sustainable Development Goals the United Nations established in 2015 as the new global sustainable development agenda for 2030. They are promoted as the global targets for sustainable development.

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).

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.

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, 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.

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).

Client projects 'Ahead of change': this concerns services Ordina provides that specifically express our new strategy, with the pay-off 'Ahead of change'.

Participation level: The KPI concerns the percentage of direct employees employed at Ordina at the measurement date (31 December 2020) who have followed a training course / e-learning module.

Outflow direct employees at Ordina's request: the number of direct employees (in FTEs) whose contract was terminated at Ordina's request in 2020, expressed as a percentage of the number of direct employees (in FTEs) at year-end 2019.

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

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.

Free Cash Flow (FCF): The FCF is the sum of net cash flow from operational and investment activities, adjusted for cash flows related to acquisitions and disposals of Group companies and associates and dividends received from associates. Lease payments are also deducted from the FCF (following the application of IFRS 16 Leases).

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

Fuel consumption reduction in litres: the fuel consumption of the lease cars in the Ordina fleet. The number of lease cars per category (diesel, petrol, LPG) and total fuel consumption are reported monthly by the lease companies and fuel card companies in the Netherlands, Belgium and Luxembourg.

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

CO₂ footprint calculation: Ordina's CO₂ footprint calculation includes the following components:

- Gas consumption: the gas consumption (in m³) in the buildings that Ordina leases, corrected for any sub-leases;
- Fuel consumption lease cars: the fuel consumption of the lease cars per category (diesel, petrol, LPG) in the Ordina fleet (statements from lease companies and fuel card companies);

- Electricity consumption: the electricity consumption (in kWh) in the buildings that Ordina leases, corrected for any sub-leases;
- Business kilometres private cars: in the Netherlands, these kilometres are determined on the basis of the amounts claimed as expenses for business kilometres. The amount is converted into the number of kilometres on the basis of a conversion factor laid down in the employment terms and conditions (standard amount per kilometre). The division into categories of car (diesel, petrol, LPG) is on the basis of the index figures produced by the Dutch Central Bureau for Statistics (CBS). This does not apply to Belgium/Luxembourg;
- Fuel consumption 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 kilograms 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 of 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 kilograms 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.

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.

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
GRI 102: General Disclosures			
Organizational profile			
102-1	Name of the organization	Ordina N.V.	
102-2	Activities, brands, products, and services	The world of today and tomorrow	33
102-3	Location of headquarters	Nieuwegein	Link location
102-4	Location of operations	Netherlands, Belgium and Luxembourg, The world of today and tomorrow	33, link locations
102-5	Ownership and legal form	Legal organogram, Financial statements (Group companies / Principal associates)	170, 167
102-6	Markets served	Strategic pillars, objectives & results: Satisfied and loyal clients	51
102-7	Scale of the organization	Key figures, Five-year overview, Financial statements	3, 5, 103
102-8	Information on employees and other workers	Key figures, Five-year overview, Strategic pillars, objectives & results: Engaged and driven employees, Financial statements	3, 5, 45, 103
102-9	Supply chain	Strategy and value creation	40, link Value creation model
102-10	Significant changes to the organization and its supply chain	The world of today and tomorrow, Annual results (Group companies / principal associates)	33, 167
102-11	Precautionary Principle or approach	Risks, Governance	63, 74

Standard	Disclosure title	Location part provision of information	Pagenumber or link
102-12	External initiatives	Strategic pillars, objectives & results	45
102-13	Membership of associations	NL Digital	
Strategy			
102-14	Statement from senior decision-maker	Foreword	6
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	Strategic pillars, objectives & results: Engaged and driven employees, Governance	45, 74
Governance			
102-18	Governance structure	Composition Management Board and Supervisory Board, Report Supervisory Board	82, 84
102-22	Composition of the highest governance body and its committees	Governance, Report Supervisory Board	74, 84
102-30	Effectiveness of risk management process	Risks, Governance	63, 74
102-32	Highest commission or function in sustainable reporting	Governance	74
102-35	Remuneration policies	Remuneration report	91
Stakeholder engagement			
102-40	List of stakeholder groups	The world of today and tomorrow (stakeholder dialogue and Materiality matrix)	33, link Value creation model
102-41	Collective bargaining agreements	Employees of Ordina are not subject to an Collective bargaining agreement	
102-42	Identifying and selecting stakeholders	The world of today and tomorrow (stakeholder dialogue and Materiality matrix)	33, link Value creation model
102-43	Approach to stakeholder engagement	The world of today and tomorrow (stakeholder dialogue and Materiality matrix)	33, link Value creation model

Standard	Disclosure title	Location part provision of information	Pagenumber or link
102-44	Key topics and concerns raised	The world of today and tomorrow (stakeholder dialogue and Materiality matrix)	33, link Materiality matrix
Reporting practice			
102-45	Entities included in the consolidated financial statements	Consolidated Financial Statements	103
102-46	Defining report content and topic Boundaries	The world of today and tomorrow (stakeholder dialogue and Materiality matrix)	33, link Materiality matrix
102-47	List of material topics	Value creation model, The world of today and tomorrow (stakeholder dialogue and Materiality matrix)	33, 40, link Materiality matrix
102-48	Restatements of information	Financial statements	103
102-49	Changes in reporting	Governance, Financial statements	74, 103
102-50	Reporting period	1 January until 31 December 2020 (publication 17 February 2020)	
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	179
102-54	Claims of reporting in accordance with the GRI Standards	Core option	
102-55	GRI content index	GRI-index	
102-56	External assurance	Other information	

Topic specific disclosures**Diversity and inclusiveness**

	Management approach	Strategic pillars, objectives & results: Engaged and driven employees	45
405-1	Diversity of governance bodies and employees	Our people, Corporate Social Responsibility, Report Supervisory Board	45, 83

Recruitment, retention and development of talent

	Management approach	Strategic pillars, objectives & results: Engaged and driven employees, Report Supervisory Board	45,
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Standard	Disclosure title	Location part provision of information	Pagenumber or link
Excellent services			
	Management approach	Strategic pillars, objectives & results: Satisfied and loyal clients	51
Innovation and digital transformation			
	Management approach	Strategic pillars, objectives & results: Our sustainably distinctive profile	53
Impact on the environment (direct and indirect)			
	Management approach	Strategic pillars, objectives & results: Returns and social responsibility	55 , link Materiality matrix
302-3	Energy intensity	Strategic pillars, objectives & results: Returns and social responsibility	55 , link Materiality matrix
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Growth in return			
	Management approach	Strategic pillars, objectives & results: Returns and social responsibility	55

NFI Reference table

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

Subject	Aspect	included (yes/no)	Chapter / Page reference
Business model	n.a.	Yes	The world of today and tomorrow
Relevant social and personal matters (e.g. HR, safety, etc.)	A description of the policies pursued, including due diligence	Yes	Strategy and value creation, Strategic pillars, objectives & results: Engaged and driven employees
	The outcome of those policies	Yes	Strategy and value creation, Strategic pillars, objectives & results: Engaged and driven employees
	Principle risks in own operations and within value chain	Yes	Risks
	How risks are managed	Yes	Risks
	Non-financial key performance indicators	Yes	Strategy and value creation, Strategic pillars, objectives & results: Engaged and driven employees
Relevant environmental matters (e.g. climate-related impacts)	A description of the policies pursued, including due diligence	Yes	Strategy and value creation, Strategic pillars, objectives & results: Returns and social responsibility
	The outcome of those policies	Yes	Strategy and value creation, Strategic pillars, objectives & results: Returns and social responsibility
	Principle risks in own operations and within value chain	Yes	Risks
	How risks are managed	Yes	Risks
	Non-financial key performance indicators	Yes	Strategic pillars, objectives & results: Returns and social responsibility
Relevant matters with respect for human rights (e.g. labour protection)	A description of the policies pursued, including due diligence	Yes	Strategy and value creation, Governance
	The outcome of those policies	Yes	Governance
	Principle risks in own operations and within value chain	Yes	Governance, Risks
	How risks are managed	Yes	Governance
	Non-financial key performance indicators	Yes	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, Risks
	How risks are managed	Yes	Governance
	Non-financial key performance indicators	Yes	Governance
Insight into the diversity (executive board and the supervisory board)	A description of the policies pursued	Yes	Report Supervisory Board
	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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