

ORDINA N.V. **INTERIM REPORT**

H1 2021



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About Ordina

Ordina is an independent IT services provider in the Benelux, with around 2,650 employees. We focus on giving our clients a digital edge in the sectors financial services, industry and the public sector. We do this by connecting technology, business challenges and people. Ordina wants to help its clients to stay ahead of the challenges and changes in their business. Ordina was founded in 1973. Its shares have been listed on the NYSE Euronext Amsterdam stock exchange since 1987 and are included in the Small Cap Index (AScX). Ordina recorded revenues of EUR 369 million in 2020. You will find more information on our website:

www.ordina.nl/en

Forward-looking statements

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

Financial calendar

- 4 November 2021** Trading update Q3
- 17 February 2022** Publication full-year results 2021
- 7 April 2022** General meeting

ORDINA RECORDS REVENUE GROWTH IN FIRST HALF OF 2021

Nieuwegein, 29 July 2021 – Ordina N.V. (Ordina), an independent IT services provider in the Benelux, today presents its 2021 interim results and the highlights for the second quarter of 2021.

H1 2021 highlights

- Revenue rises by 4.1% to EUR 195.7 million (H1 2020: EUR 188,0 million);
- Share of revenue from business propositions rises to 39% in H1 2021 (H1 2020: 37%);
- EBITDA increases to EUR 24.4 million (H1 2020: EUR 22.9 million);
- EBITDA margin increases to 12.5% (H1 2020: 12.2%);
- Net profit rises to EUR 11.9 million (H1 2020: EUR 10.3 million);
- Net cash position at end of H1 EUR 26.8 million (end of H1 2020: EUR 31.0 million).

Q2 2021 highlights

- Revenue rises by 3.9% to EUR 95.4 million (Q2 2020: EUR 91.8 million);
- EBITDA declines to EUR 8.7 million (Q2 2020: EUR 10.8 million);
- EBITDA margin came in at 9.1% (Q2 2020: 11.7%);
- Employee engagement score rises to 7.7 (May 2020: 7.4).

Key figures

<i>(in thousands of euro unless otherwise stated)</i>	H1 2021	H1 2020	Change H1 2021 vs. H1 2020	Q2 2021	Q2 2020	Change Q2 2021 vs. Q2 2020
Revenue	195,671	188,040	+4.1%	95,374	91,765	+3.9%
<i>Working days (NL/Belux)</i>	<i>124 / 124</i>	<i>124 / 125</i>	<i>0 / -1</i>	<i>61 / 61</i>	<i>60 / 61</i>	<i>+1 / 0</i>
<i>Adjusted for working days</i>			<i>+4.3%</i>			<i>+2.9%</i>
EBITDA	24,447	22,910	1,537	8,701	10,766	-2,065
EBITDA margin	12.5%	12.2%	0.3%pt	9.1%	11.7%	-2.6%pt
Net profit	11,870	10,340	1,530	3,450	4,575	-1,125
Net cash position	26,795	30,980	-4,185			
Free cash flow	7,280	7,004	276			

Jo Maes, Ordina CEO, on the results

"We delivered a strong performance and recorded growth in the first half of this year. We increased revenue by 4.1% and net profit rose to EUR 11.9 million. Belgium and Luxembourg continued to deliver strong performances, and we also recorded growth in the Netherlands.

Our higher revenue was driven by more contracts based on our five business propositions and an increase in the deployment of our professionals in teams. The primary sources of the higher revenue were the public sector with our High performance teams and the industry sector with our Cybersecurity & compliance solutions. This led to an increase in the share of revenue from our business propositions to 39% in the first half of 2021, compared with 37% in 2020.

Despite the tight labour market, we managed to increase the number of our own employees in the second quarter. We supported our recruitment efforts with a successful labour market campaign. We will continue to focus fully on recruitment and engaged employees in the second half of this year. The employee engagement survey we conducted in May resulted in a higher average satisfaction score of 7.7. Our colleagues greatly appreciate the collaboration on complex challenges at our clients and value the career opportunities within Ordina."

GROUP PERFORMANCE

Revenue

Revenue came in 4.1% higher at EUR 195.7 million in the first half of 2021 (H1 2020: EUR 188.0 million). The share of revenue from our business propositions continued to increase, rising to 39% in H1 2021 from 37% in H1 2020.

Revenue per market

<i>(in thousands of euro)</i>	H1 2021	H1 2020	Change H1 2021 vs. H1 2020	Q2 2021	Q2 2020	Change Q2 2021 vs. Q2 2020
Public sector	81,817	76,442	+7.0%	39,992	37,578	+6.4%
Financial services	51,094	50,485	+1.2%	24,885	24,660	+0.9%
Industry	62,760	61,113	+2.7%	30,497	29,527	+3.3%
Total	195,671	188,040	+4.1%	95,374	91,765	+3.9%

The public sector continues to focus heavily on the switch to digital services. In the first half of this year, we once again increased our revenue from High performance teams and Data-driven and Cybersecurity & compliance solutions. In the financial sector, the demand for more High performance teams, Business platforms & cloud and data-driven solutions led to a slight increase in our revenues in this market segment. We continued to increase our revenues from the industry sector, thanks to the demand for compliance solutions in the pharmaceutical sector, plus we are also seeing an increase in the need for cybersecurity-related solutions.

Employees and productivity

	Year-end 2020	Net change	End Q1 2021	Net change	End H1 2021
Direct FTEs	2,298	-29	2,269	+10	2,279
Indirect FTEs	288	+1	289	-2	287
Total	2,586	-28	2,558	+8	2,566

In the second quarter of this year, we saw an increase in the influx of new employees, which resulted in growth of 10 direct employees. Despite this, the number of direct employees fell slightly by 19 FTEs to 2,279 FTEs in the first half of the year. The tightness of the labour market makes recruitment very challenging and employee retention remains a key priority for Ordina. The average number of direct employees fell by 49 FTEs to 2,256 FTEs over the first half of 2021, compared with 2,305 FTEs at the end of H1 2020. This includes the impact of our reduced recruitment efforts in 2020. Recruitment will continue to be a priority in the second half of this year. Due to the persistent demand for our IT services and the tightness of the labour market, we are being forced to hire in more external professionals to meet our obligations.

To recruit new employees, in the first half of this year Ordina focused on target group-oriented online labour market campaigns with a strong focus on working in teams, in combination with referral initiatives and recruitment events. On top of this, we are investing in the talent development of our employees via our career weeks and other initiatives.

Productivity came in at 75.8% in the first half of 2021 (H1 2020: 72.7%). This increase was driven by our successful response to the high demand for our services and improved operational efficiency. In absolute terms, the high productivity was also influenced by the government's Covid-19 measures (lockdowns), which led to fewer days of

leave and lower absenteeism in the first half of this year. The Covid-19-related impact was limited when compared with last year.

Ordina measures employee engagement twice a year. We conducted a new survey in May of this year, which showed that the score had risen to 7.7 (7.4 in May 2020) and that employees' engagement with Ordina had increased strongly. Employees primarily appreciate the collaboration with colleagues on complex challenges at our clients.

EBITDA

EBITDA increased by EUR 1.5 million to EUR 24.4 million in the first half of 2021 (H1 2020: EUR 22.9 million). The EBITDA margin increased by 0.3%pt to 12.5%. The improvement in our result was driven by the increased deployment of our professionals in teams, contracts based on our business propositions and higher productivity. The first-half result was also influenced by one-off cost items of around EUR 1.6 million; for more information on this, see the sections 'Performance per region' and 'Other provisions' in the interim financial statements (page 24).

EBITDA declined by EUR 2.1 million to EUR 8.7 million in the second quarter (Q2 2020: EUR 10.8 million). This decline was driven by a number of effects, including the catch-up effect on leave, investments in growth, the impact of one-off cost items and the costs of postponed activities from the first quarter in connection with the Covid-19 measures (lockdowns), which were fully in force in the first quarter. The latter resulted in a shift in costs, primarily on the events and marketing fronts. These costs were much lower in the second quarter of 2020, due to the impact of the strict Covid-19 measures in place at that time.

Performance per region

Revenue per region

(in thousands of euro)	H1 2021	H1 2020	Change H1 2021 vs. H1 2020	Q2 2021	Q2 2020	Change Q2 2021 vs. Q2 2020
The Netherlands	126,295	124,797	+1.2%	61,266	60,448	+1.4%
Belgium/Luxembourg	69,376	63,243	+9.7%	34,108	31,317	+8.9%
Total	195,671	188,040	+4.1%	95,374	91,765	+3.9%

In **the Netherlands**, revenue came in 1.2% higher at EUR 126.3 million (H1 2020: EUR 124.8 million), driven by increasing revenue from our business propositions. We noted a sharp increase in the revenue from High performance teams and data-driven solutions. We recorded higher revenue with external hires, to meet our obligations from our public sector framework agreements.

In **Belgium/Luxembourg**, revenue came in 9.7% higher at EUR 69.4 million (H1 2020: EUR 63.2 million), driven by growth in the number of direct employees and higher revenues from our Cybersecurity & compliance and Business platforms & cloud business propositions. We recorded higher revenue with external hires, largely in the public sector.

EBITDA per region

(in thousands of euro or percentage)	H1 2021		H1 2020		Delta	
	The Netherlands	11,965	9.5%	11,826	9.5%	139
Belgium/Luxembourg	12,482	18.0%	11,084	17.5%	1,398	0.5%pt
Total	24,447	12.5%	22,910	12.2%	1,537	0.3%pt

In **the Netherlands**, EBITDA increased to EUR 12.0 million (H1 2020: EUR 11.8 million). The EBITDA margin remained the same at 9.5%.

The result in the Netherlands was impacted by one-off cost items of EUR 1.6 million. This is largely related to a provision for a past dispute with one of our suppliers. The court issued a ruling on this dispute in the first half of 2021. An appeal has been lodged against this ruling. For further information, see the note 'Other provisions' in the interim financial statements (page 24).

The operational performance (excluding one-off items) of Ordina's Dutch business continued to improve in the first half of 2021, driven by high productivity, more revenue from our teams and business propositions and the positive development of rates.

In **Belgium/Luxembourg**, EBITDA increased by EUR 1.4 million to EUR 12.5 million (H1 2020: EUR 11.1 million). The EBITDA margin increased by 0.5%pt to 18.0%. The high margin was driven by the growth of the organisation with its own employees, continued high productivity, more revenue from our teams, business propositions and the positive development of rates.

Net result

From EBITDA to net result

(in thousands of euro)	H1 2021	H1 2020
EBITDA	24,447	22,910
Depreciation & Amortisation	-7,088	-7,390
Operating result (EBIT)	17,359	15,520
Finance expenses /result of associates	-596	-613
Result before taxes	16,763	14,907
Taxes	-4,893	-4,567
Net result	11,870	10,340

The net result increased by EUR 1.5 million to EUR 11.9 million in the first half of 2021 (H1 2020: EUR 10.3 million), in line with the increase in the operating result. Earnings per share increased to EUR 0.13 (H1 2020: EUR 0.11).

Net cash and cash flow

Main changes in the net cash position

(rounded off to millions of euro)

Year-end 2020	44.4
Net result	11.9
Depreciation	7.1
Working capital, provisions and other changes	-5.1
Interest & taxes	1.5
Net investments	-3.0
Dividend payment	-22.3
Other cash flows from financing activities	-7.6
End H1 2021	26.8

The free cash flow increased to EUR 7.3 million in the first half of 2021 (H1 2020: EUR 7.0 million). This increase was driven by the improved operational performance.

As per 30 June 2021, Ordina had not taken up any funds from its financing facility. The net debt to adjusted EBITDA ratio, as formulated in the financing agreement, stood at -0.7 as per 30 June 2021 and was therefore below the maximum of 2.50 agreed with Ordina's banks. The Interest Cover Ratio stood at 224.0 on 30 June 2021 and therefore remained above the minimum of 5.0. See page 23 for more information on the financing facility.

In June 2021, Ordina agreed a second extension with ABN Amro and ING, which means the agreement now ends in July 2024. Ordina's capital position and liquidity position are strong and provide a solid foundation for the future.

Risk management

In its 2020 Annual Report (pages 63 onwards), Ordina describes the main objectives and procedures of its risk management and control systems, as well as the main risks and any mitigating measures. Ordina has assessed the identified risks and has determined that the main risks identified will remain the same in the second half of 2021.

The main risks are:

- There is a shortage of highly trained IT professionals. This is due to a limited supply (and proportionally low inflow from colleges of applied sciences and universities) on the labour market compared with the high demand for digitalisation. To recruit new employees, in the first half of this year Ordina focused on target group-oriented online labour market campaigns with a strong focus on working in teams, in combination with referral initiatives and recruitment events, which we are using to position ourselves as an attractive employer.
- Fluctuations in the economic climate due to, for example, an unstable (geo-) political situation in combination with a relatively fixed cost structure have a direct impact on our results. Our financial results, cash position and the progress booked on our strategy put us in a strong position for the future.
- Data security is vital in the current digital age. Cyber security incidents could damage our clients' trust in the company. Ordina's duty of care as a processor of data could lead to additional costs or claims. Ordina has a constant focus on cyber security in its services.
- Market conditions may necessitate the impairment of goodwill related to acquisitions. Given the positive development of the results in the first half of 2021, there was no a triggering event for Ordina.
- At year-end 2020, Ordina had total loss carry-forwards of EUR 16.3 million. In the context of these loss carry-forwards, Ordina has recognised a deferred tax asset of EUR 4.1 million. There is a risk that Ordina will be unable to offset these losses in time, which would result in the depreciation of (part of) its deferred tax assets. In the first half of 2021, we saw the approval of legislative changes, on the basis of which tax losses carried forward will no longer dilute, but which do limit the timing of the loss compensation. Due to the adopted legislative change in the first half of 2021, Ordina estimates the chances of it being unable to offset its recognised tax losses to be limited.

For additional details on this subject, we refer you to Ordina's 2020 annual report on our website: www.ordina.nl/en/.

We monitor the risks we have identified on a continuous basis. Nevertheless, it is possible that new or previously unidentified risks emerge that are not yet known and that could potentially have a material impact on our business operations, targets and results. We will continuously monitor any known and new risks and take control measures and initiate mitigating actions whenever this is deemed necessary.

MANAGEMENT BOARD STATEMENT

This document comprises Ordina N.V.'s 2021 interim report and the condensed consolidated interim financial statements. This interim report has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. This interim report does not contain all the information required for financial statements. It should therefore be read in conjunction with the consolidated financial statements for the full year 2020. These interim financial statements have not been audited.

The Management Board hereby declares, in accordance with Section 5:25d (2) (c) of the Dutch Financial Supervision Act, that to the best of their knowledge:

- the interim financial statements give a true and fair view of the assets and liabilities, and the financial position as at 30 June 2021 and the results for the first six months of 2021 of Ordina N.V. and its consolidated companies; and
- the Management Board's interim report incorporated in this 2021 interim report gives a true and fair view of the information required pursuant to Sections 5:25d (8) and, insofar as applicable, 5:25d (9) of the Dutch Financial Supervision Act, subject to the disclaimer regarding forward-looking statements included on page 2.

Nieuwegein, 28 July 2021

J. Maes, CEO

J. van Donk-van Wijnen, CFO

Additional information

Workable days 2021 and 2020

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

Media call and analyst presentation

09:00 hrs CET – Media call

Ordina will explain its results at 09:00 CET on 29 July 2021 during a media conference call: +31 (0)20 531 5856.

10:30 hrs CET – Analyst presentation

Ordina will present its results at on 29 July 2021 at 10:30 CET at the analyst meeting in the Van der Valk Hotel Amsterdam-Amstel. You can follow this presentation via a webcast. You can follow the webcast via the link you will find on our website: www.ordina.nl. The presentation will be available on our website after the webcast.

Definitions

Key definitions of the terms used in this press release.

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

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

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

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

CONTACT DETAILS

For additional information on this press release:

PAULINE VISSCHER, INVESTOR RELATIONS

M pauline.visscher@ordina.nl

T +31 (0)30 663 7000

EVELINE ROGIER, CORPORATE COMMUNICATIONS

M eveline.rogier@ordina.nl

T +31 (0)30 663 7000

JOYCE VAN DONK - VAN WIJNEN, CFO

M joyce.van.donk.van.wijnen@ordina.nl

T +31 (0)30 663 7111

JO MAES, CEO

M jo.maes@ordina.nl

T +31 (0)30 663 7111

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ORDINA N.V.



Consolidated balance sheet (before appropriation of profit)

<i>(In euro thousands)</i>	30 June 2021	31 Dec 2020	30 June 2020
Assets			
Intangible assets	127,387	128,203	129,032
Right-of-use assets	32,830	35,491	34,946
Property, plant and equipment	6,058	4,697	4,540
Investments in associates	323	323	340
Deferred income tax assets	10,466	12,323	12,502
Total non-current assets	177,064	181,037	181,360
Trade receivables and other short term assets	69,165	60,652	67,620
Cash and cash equivalents	26,795	44,405	30,980
Total current assets	95,960	105,057	98,600
Total assets	273,024	286,094	279,960
Equity and liabilities			
Paid-up and called-up share capital	9,326	9,326	9,326
Share premium reserve	136,219	136,219	136,219
Retained earnings	7,866	9,976	17,814
Profit for the period	11,870	22,290	10,340
Total equity	165,281	177,811	173,699
Employee related provisions	1,030	1,015	1,098
Lease liabilities	24,375	26,885	26,620
Total non-current liabilities	25,405	27,900	27,718
Lease liabilities	9,780	9,807	9,469
Other provisions	2,247	939	883
Trade payables and other short term liabilities	68,603	67,518	66,499
Current tax payable	1,708	2,119	1,692
Total current liabilities	82,338	80,383	78,543
Total liabilities	107,743	108,283	106,261
Total equity and liabilities	273,024	286,094	279,960

The notes on pages 18 through 27 are an integral part of these condensed interim financial statements.

Consolidated income statement

	H1 2021	FY 2020	H1 2020
<i>(In euro thousands)</i>			
Revenue from contracts with customers	195,671	369,233	188,040
Operating expenses			
Cost of hardware, software and other direct costs	-3,113	-5,804	-2,770
Work contracted out	-47,758	-89,059	-45,248
Personnel expenses	-110,631	-215,084	-109,654
Amortisation	-816	-1,673	-842
Depreciation right-of-use assets	-5,147	-11,014	-5,559
Depreciation tangible fixed assets	-1,125	-2,443	-989
Other operating expenses	-9,722	-12,924	-7,458
Total operating expenses	-178,312	-338,001	-172,520
Operating profit (EBIT)	17,359	31,232	15,520
Finance costs - other	-150	-284	-131
Finance costs - lease liabilities	-446	-950	-482
Share of profit of associates	-	-17	-
Profit before income tax	16,763	29,981	14,907
Income tax expense	-4,893	-7,691	-4,567
Net profit for the reporting period	11,870	22,290	10,340
<i>Net profit is attributable to:</i>			
Shareholders of the company	11,870	22,290	10,340
Net profit for the reporting period	11,870	22,290	10,340
<i>(in euros, unless indicated otherwise)</i>			
Earnings per share - basic	0.13	0.24	0.11
Earnings per share - diluted	0.13	0.24	0.11
Number of shares outstanding at end of reporting period (in thousands)	93,256	93,256	93,256

The notes on pages 18 through 27 are an integral part of these condensed interim financial statements.

Consolidated statement of comprehensive income

<i>(In euro thousands)</i>	H1 2021	FY 2020	H1 2020
Net profit	11,870	22,290	10,340
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains and losses on defined benefit plans	-	85	-
Tax on items taken directly to or transferred from equity	-	-21	-
Other comprehensive income, net of tax	-	64	-
Total comprehensive income	11,870	22,354	10,340
<i>Total comprehensive income is attributable to:</i>			
Shareholders of the company	11,870	22,354	10,340
Total comprehensive income	11,870	22,354	10,340

The notes on pages 18 through 27 are an integral part of these condensed interim financial statements.

Consolidated statement of changes in equity

<i>(In euro thousands)</i>	Issued capital	Share premium reserve	Retained earnings	Net profit for the reporting period	Total equity
Balance at 1 January 2020	9,326	136,219	3,077	14,875	163,497
Changes in H1 2020					
Net profit for the reporting period	-	-	-	10,340	10,340
Other comprehensive income:					
Actuarial gains and losses	-	-	-	-	-
Total comprehensive income for the reporting period	-	-	-	10,340	10,340
Transactions with owners:					
Appropriation of profit previous year	-	-	14,875	-14,875	-
Dividend distribution	-	-	-	-	-
Share based payments - treasury shares settlement	-	-	-673	-	-673
Share based payments - personnel expenses	-	-	535	-	535
Total transactions with owners	-	-	14,737	-14,875	-138
Balance at 30 June 2020	9,326	136,219	17,814	10,340	173,699
Changes in H2 2020					
Net profit for the reporting period	-	-	-	11,950	11,950
Other comprehensive income:					
Actuarial gains and losses	-	-	64	-	64
Total comprehensive income for the reporting period	-	-	64	11,950	12,014
Transactions with owners:					
Dividend distribution	-	-	-8,859	-	-8,859
Share based payments - personnel expenses	-	-	957	-	957
Total transactions with owners	-	-	-7,902	-	-7,902
Balance at 31 December 2020	9,326	136,219	9,976	22,290	177,811
Changes in H1 2021					
Net profit for the reporting period	-	-	-	11,870	11,870
Other comprehensive income:					
Actuarial gains and losses	-	-	-	-	-
Total comprehensive income for the reporting period	-	-	-	11,870	11,870
Transactions with owners:					
Appropriation of profit previous year	-	-	22,290	-22,290	-
Dividend distribution	-	-	-22,288	-	-22,288
Share based payments - treasury shares settlement	-	-	-2,602	-	-2,602
Share based payments - personnel expenses	-	-	490	-	490
Total transactions with owners	-	-	-2,110	-22,290	-24,400
Balance at 30 June 2021	9,326	136,219	7,866	11,870	165,281

The notes on pages 18 through 27 are an integral part of these condensed interim financial statements.

Consolidated statement of cash flows

<i>(In euro thousands)</i>	H1 2021	H1 2020
Cash flows from operating activities		
Net profit for the reporting period	11,870	10,340
<i>Adjustments for</i>		
Finance costs - other	150	131
Finance costs - lease liabilities	446	482
Taxes	4,893	4,567
<i>Adjustments for</i>		
Amortisation	816	842
Depreciation right-of-use assets	5,147	5,559
Depreciation tangible fixed assets	1,125	989
Movements in long term provisions	15	15
Share based payments	490	535
<i>Working capital changes</i>		
Movements in receivables	-8,513	-193
Movements in current liabilities	2,934	-6,114
Cash generated from operations	19,373	17,153
Interest paid	-590	-580
Income taxes paid	-3,446	-2,751
Net cash from operating activities	15,337	13,822
Cash flows from investing activities		
Purchases of intangible fixed assets	-	-123
Purchases of property, plant and equipment	-3,036	-1,217
Divestment of intangible fixed assets	-	-
Divestment of property, plant and equipment	2	3
Net cash used in investing activities	-3,034	-1,337
Cash flows from financing activities		
Lease payments	-5,023	-5,481
Settlement of share based payment	-2,602	-673
Dividend distribution to shareholders	-22,288	-
Net cash used in financing activities	-29,913	-6,154
Net movements in cash and cash equivalents	-17,610	6,331
Net movement in cash and cash equivalents	-17,610	6,331
Cash and cash equivalents at beginning of the reporting period	44,405	24,649
Cash and cash equivalents at the end of the reporting period	26,795	30,980

The notes on pages 18 through 27 are an integral part of these condensed interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

General

Ordina N.V. has its registered office in Nieuwegein, the Netherlands. These condensed consolidated interim financial statements for the six months ended 30 June 2021 comprise the financial information of Ordina N.V. and all its subsidiaries ('the group').

Ordina is an independent IT services provider in the Benelux, with around 2,650 employees. 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 technological solutions. Ordina helps its clients to stay ahead of the challenges and changes in their business.

Ordina was founded in 1973. Its shares have been listed on the NYSE Euronext Amsterdam stock exchange since 1987 and are included in the Smallcap Index (AScX)

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as adopted for use within the European Union. They do not contain all the information that is required for a full set of financial statements, and should therefore be read in conjunction with the Ordina N.V. consolidated financial statements for the full year 2020. The 2020 Annual Report (including the consolidated financial statements for the 2020 financial year) is available online at: www.ordina.nl/en/.

The condensed consolidated interim financial statements were prepared by the Management Board and approved for publication by the Supervisory Board on 28 July 2021. These condensed consolidated interim financial statements have not been audited.

Ordina's condensed consolidated interim financial statements have been drawn up in Dutch and in English, with the Dutch text prevailing.

Significant accounting policies

For an explanation of the accounting policies for the valuation, determination of results and statement of cash flows, we refer you to the consolidated financial statements for the full year 2020. The consolidated financial statements for the full year 2020 were drawn up in accordance with the International Financial Reporting Standards (IFRS), together with the interpretations of same as adopted by the International Accounting Standards Board (IASB), as accepted for use within the European Union, and the legal provisions of Section 9 of Book 2 of the Dutch Civil Code.

The same accounting policies have been applied to the interim report, with the exception of the new standards, amendments to standards and interpretations outlined below, which have been included and found relevant for Ordina. The accounting policies have been applied consistently by all subsidiaries and across all periods as presented in these condensed consolidated interim financial statements.

These condensed interim financial statements are presented in euro. Amounts are stated in thousands of euro unless otherwise stated, which may result in rounding off differences.

Standards, amendments and interpretations

Insofar as applicable, the group has applied all published IFRS standards, amendments and interpretations that came into effect on 1 January 2021. Ordina has not opted for the early application of any standards, amendments or interpretations that have been published but are not yet effective.

Various amendments and interpretations are required as from 2021, but these have no impact on Ordina's condensed interim financial statements.

Critical accounting estimates and assumptions

The preparation of the consolidated interim financial statements requires management to make estimates and assumptions that have an impact on the valuation of assets and liabilities, on the determination of results, as well as on the reporting of contingent assets and liabilities. Actual results may differ from these estimates and assumptions.

The assumptions and estimates are based on historical experience and various other factors that can be deemed reasonable under the circumstances. Ordina continually evaluates said assumptions and estimates. For a list of the most critical assumptions and estimates, we refer you to section 5 of the notes to the consolidated financial statements for 2020, as included in the 2020 annual report. In the first half of 2021, there were no significant changes in the critical assumptions and estimates as explained in the consolidated financial statements for 2020.

Financial risk management

In its 2020 annual report (page 63 onwards), Ordina described in detail the critical risks identified and its risk management and control systems. Ordina has evaluated the risks identified and determined that the main risks identified will remain applicable in the second half of 2021.

Revenue from contracts with clients

The table below specifies the revenue from contracts with clients that Ordina recognises.

	H1 2021			H1 2020		
	the Netherlands	Belgium / Luxembourg	Total	the Netherlands	Belgium / Luxembourg	Total
Type of goods or services						
Sale of hardware and software	152	790	942	134	651	785
IT Services	126,143	68,586	194,729	124,663	62,592	187,255
Total revenue from contracts with customers	126,295	69,376	195,671	124,797	63,243	188,040
Timing of revenue recognition						
Goods transferred at a point in time	152	741	893	173	509	682
Services transferred over time	126,143	68,635	194,778	124,624	62,734	187,358
Total revenue from contracts with customers	126,295	69,376	195,671	124,797	63,243	188,040

Revenue per sector can be specified as follows:

	H1 2021	H1 2020
Revenue by markets		
Public	81,817	76,442
Finance	51,094	50,485
Industry	62,760	61,113
Total revenue from contracts with customers	195,671	188,040

Segment information

The organisation is structured in line with Ordina's services. The information reported on a monthly basis to the Management Board, in its capacity as chief operating decision maker, is in line with this structure. Ordina's results are divided to reflect the company's various segments. The Management Board's decision-making is based on this information. Ordina discloses segment information on the basis of the structure of the internal governance, reporting lines and decision-making within the company. Ordina recognises the segments the Netherlands and Belgium/Luxembourg.

The Management Board's financial assessment of the segments focuses primarily on revenue and EBITDA. Ordina provides segment information for the segments the Netherlands and Belgium/Luxembourg. Segment results, assets and liabilities consist of items that are directly or reasonably attributable to the segment in question. The prices and terms of inter-segment transactions are determined on an arm's length, objective basis. Segment-related capital expenditure is the total amount of costs incurred during the reporting period to acquire assets for the segment 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 provided at the level of the Netherlands and Belgium/Luxembourg respectively.

The segment results can be specified as follows:

	H1 2021			H1 2020		
	the Netherlands	Belgium / Luxembourg	Total	the Netherlands	Belgium / Luxembourg	Total
Total segment revenue	128,386	72,353	200,739	126,123	65,923	192,046
Inter-segment revenue	-2,091	-2,977	-5,068	-1,326	-2,680	-4,006
Revenue from contracts with customers	126,295	69,376	195,671	124,797	63,243	188,040
EBITDA	11,965	12,482	24,447	11,826	11,084	22,910
Amortisation	-707	-109	-816	-735	-107	-842
Depreciation right-of-use assets	-3,206	-1,941	-5,147	-3,703	-1,856	-5,559
Depreciation tangible fixed assets	-849	-276	-1,125	-713	-276	-989
Operating profit (EBIT)	7,203	10,156	17,359	6,675	8,845	15,520
Finance costs - other	-170	20	-150	-142	11	-131
Finance costs - lease obligations	-323	-123	-446	-355	-127	-482
Profit before income tax	6,710	10,053	16,763	6,178	8,729	14,907
Income tax expense	-1,857	-3,036	-4,893	-1,731	-2,836	-4,567
Net profit	4,853	7,017	11,870	4,447	5,893	10,340
EBITDA margin	9.5%	18.0%	12.5%	9.5%	17.5%	12.2%

The assets and liabilities of the segments can be specified as follows:

	30 June 2021				
	the Netherlands	Belgium/ Luxembourg	Total	Eliminations	Consolidated
Total assets	252,831	91,353	344,184	-71,160	273,024
Total liabilities	88,389	39,718	128,107	-20,364	107,743

	30 June 2020				
	the Netherlands	Belgium/ Luxembourg	Total	Eliminations	Consolidated
Total assets	264,977	97,013	361,990	-82,030	279,960
Total liabilities	91,278	39,200	130,478	-24,217	106,261

The other segment information can be specified as follows:

	H1 2021			H1 2020		
	the Netherlands	Belgium/Luxembourg	Total	the Netherlands	Belgium/Luxembourg	Total
Carrying amount of intangible assets	109,915	17,472	127,387	111,342	17,690	129,032
Carrying amount of right-of-use assets	25,743	7,087	32,830	26,768	8,178	34,946
Carrying amount of property, plant and equipment	4,766	1,292	6,058	3,198	1,342	4,540
Carrying amount of financial fixed assets	10,550	239	10,789	12,624	218	12,842
Purchases of intangible fixed assets	-	-	-	88	35	123
Purchases of right-of-use assets	1,193	1,293	2,486	2,309	1,150	3,459
Purchases of property, plant and equipment	2,147	341	2,488	811	345	1,156
Amortisation	707	109	816	735	107	842
Depreciation right-of-use assets	3,206	1,941	5,147	3,703	1,856	5,559
Depreciation tangible fixed assets	849	276	1,125	713	276	989
Income tax recognised in income statement	1,857	3,036	4,893	1,731	2,836	4,567
Income tax paid in reporting period	557	2,889	3,446	-	2,751	2,751
Number of staff at end of reporting period (FTEs)	1,616	950	2,566	1,688	917	2,605
Average number of staff (FTEs)	1,589	947	2,536	1,680	913	2,593

Intangible fixed assets

Movements in intangible fixed assets can be specified as follows:

	2021	2020
Carrying amount at 1 January	128,203	129,751
Additions	-	123
Amortisation	-816	-842
Carrying amount at 30 June	127,387	129,032

As at 30 June 2021, goodwill amounted to EUR 124.5 million (as at 30 June 2020: EUR 124.5 million). Goodwill is monitored at the level of a group of cash-generating units within Ordina. These groups of cash-generating units are the same as the recognised segments. Ordina recognises the segments the Netherlands and Belgium/Luxembourg. Ordina conducts an impairment test on the goodwill at least once a year, on the basis of the relevant (groups of) cash-generating units.

The table below specifies the goodwill per segment:

	2021	2020
the Netherlands	107,353	107,353
Belgium/Luxembourg	17,142	17,142
Carrying amount at 30 June	124,495	124,495

The annual impairment test is conducted in the fourth quarter of each calendar year. In the first six months of 2021, Ordina assessed whether there were any indications of impairment of goodwill or other fixed assets. In mid-2020, Ordina recognised the Covid-19 pandemic as a triggering event, and on this basis conducted an interim impairment test. This interim impairment test in mid-2020 did not result in any impairment of goodwill or other fixed assets. On the basis of current developments at the time, Ordina did not recognise the Covid-19 pandemic as a triggering event in mid-2021. In the first half of 2021, there was no indication of any impairment of goodwill or other fixed assets, and on this basis Ordina did not conduct an interim impairment test.

Leases

Leases result in the recognition of a right-of-use asset and a corresponding lease liability on the balance sheet. The right-of-use assets are depreciated over the term of the underlying contracts.

Ordina has several lease contracts related to the lease of buildings and the use of equipment and lease cars. The term of the lease contracts generally varies from three to five years. The lease contract for the office location in Nieuwegein ends on 31 March 2028. The term of contracts related to lease cars generally varies from 36 to 48 months.

Ordina makes use of the exception for lease contracts with a term of less than 12 month on the commencement date of the contract, as well as the exception for lease contracts for assets with a low underlying value.

The changes in the right-of-use assets can be specified as follows:

	2021	2020
Carrying amount at 1 January	35,491	37,046
Investments in new contracts	3,140	2,927
Modifications / renewals	-	-
Remeasurements	-654	532
Depreciations	-5,147	-5,559
Carrying amount at 30 June	32,830	34,946

Lease liabilities can be specified as follows:

	2021	2020
Carrying amount at 1 January	36,692	38,111
Investments in new contracts	3,140	2,927
Modifications / renewals	-	-
Remeasurements	-654	532
Interest costs	446	482
Lease payments (including IFRS 16 interest)	-5,469	-5,963
Carrying amount at 30 June	34,155	36,089
Lease obligations - long term	24,375	26,620
Lease obligations - short term	9,780	9,469
Total	34,155	36,089

Lease liabilities are primarily related to rental and car lease contracts. The lease liabilities related to other equipment pertain to lease contracts for printing equipment and other inventory. During the term of the underlying contracts, the lease liabilities are increased by an interest component and reduced by lease payments.

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

Property, plant and equipment

The changes in property, plant and equipment can be specified as follows:

	2021	2020
Carrying amount at 1 January	4,697	4,376
Additions	2,488	1,156
Depreciations	-1,127	-992
Carrying amount at 30 June	6,058	4,540

Of the investments made in the first half of 2021, which totalled EUR 2.5 million (first half 2020: EUR 1.2 million), some EUR 0.5 million (first half 2020: EUR 0.9 million) was related to replacement investments in computer equipment and around EUR 2.0 million (first half 2020: EUR 0.3 million) was related to inventory and renovations, primarily related to the renovation of the office location in Nieuwegein.

Trade receivables and other short-term assets

Trade receivables and other short-term assets can be specified as follows:

	2021	2020
Trade receivables - net	36,654	37,109
Unbilled receivables	19,539	18,996
Contract assets	8,812	6,897
Pension contributions - prepayments	-	213
Other receivables	376	356
Prepayments and accrued income	3,784	4,049
At 30 June	69,165	67,620

Net cash position

At 30 June 2021, Ordina's net cash position stood at EUR 26.8 million (at end-June 2020: EUR 31.0 million). The net cash position is freely available. At end-June 2021, an amount of EUR 0.3 million (end-June 2020: EUR 1.0 million) was held in a so-called blocked account, on the basis of which the disposal of these funds is limited to tax obligations.

As per 30 June 2021, Ordina had not taken up any amounts under the financing facility (as per 30 June 2020: nil).

Financing facility

In July 2019, Ordina extended its existing financing facility agreed with ABN Amro Bank and ING. This financing facility is for an amount of EUR 30 million, and is a fully committed current account credit facility. This 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 June 2021, Ordina agreed a second extension with its banks, on the basis of which the agreement now ends in July 2024.

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 ratio as defined in the financing agreement). The leverage ratio has been set at a maximum of 2.5. The Interest Cover Ratio has been set at a minimum of 5.0. The covenants are based on the consolidated financial statements drawn up in accordance with IFRS, excluding the impact of IFRS 16 Leases. The correction of the EBITDA for one-off costs and reorganisation costs has

been set at a maximum of 1% of revenue, with a maximum of EUR 4.0 million.

The financing agreement also stipulates that the total EBITDA of the companies that have agreed joint and several liability for the purposes of the financing agreement should account for a minimum of 80% of the consolidated EBITDA, as laid down in the credit agreement (the Guarantor Cover Ratio) and that a minimum of EUR 30 million of the trade receivables are pledged as security for the lender (the Security Cover).

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

The table below outlines the applicable covenants and Ordina's compliance with same at end-June 2021 and at end-June 2020:

	Realisation H1 2021	Realisation H1 2020	Finance agreement
Leverage ratio	-0.7	-0.9	<=2,5
Interest Cover Ratio	224.0	311.3	>=5,0
Guarantor Cover Ratio	91%	96%	>=80%
Security Cover	54.6	28.2	>=30,0

Paid-up and called-up share capital

Movements in paid-up and called-up share capital can be specified as follows:

	2021	2020
At 1 January	93,256	93,256
Issue of shares	-	-
Issue related to share-based payment	-	-
At 30 June	93,256	93,256

At 30 June 2021, one priority share and 93,255,929 ordinary shares were fully paid up (year-end 2020: one priority share and 92,255,929 ordinary shares). No new shares were issued in the first half of 2021 (first half 2020: nil).

For the settlement of the performance-related long-term bonuses for the period 2018-2020, which took place in the first half of 2021, Ordina acquired and then immediately paid out a total of 447,078 treasury shares. These shares were purchased at an average share price of EUR 3.361 per share. Ordina N.V. did not hold any treasury shares at either end-June 2021 or end-June 2020.

Other provisions

The other provisions amounted to EUR 2.2 million at end-June 2021 (end-June 2020: EUR 0.9 million) and pertain to project provisions (around EUR 2.1 million; end-June 2020: EUR 0.9 million) and provisions for redundancy costs (around EUR 0.1 million; end-June 2020: nil).

The project provisions include a provision related to a past dispute with one of our suppliers. This supplier initiated legal proceedings and a court issued a ruling in the case in the first half of 2021. An appeal has been lodged against this ruling. The outcome of this appeal is uncertain. On the basis of the status of the case in mid-2021, Ordina estimated the potential outcome. In line with the IFRS standards for taking provisions, in the first half of 2021 Ordina set aside a provision. The actual outcome of may differ from the estimate Ordina used to calculate the provision.

Trade payables and other current liabilities

Trade payables and other current liabilities can be specified as follows:

	2021	2020
Trade payables	13,221	12,368
Contract liabilities	4,631	5,381
Taxes and social security	20,118	20,972
Pension contributions	288	-
Other payables	-	34
Accruals and deferred income	30,345	27,744
At 30 June	68,603	66,499

Earnings per share

Earnings per share are calculated by dividing the profit after taxes by the average number of outstanding shares. The diluted earnings per share are calculated by dividing the profit after taxes by the average number of outstanding shares during the period under review, including all shares granted conditionally in connection with the share-based bonuses. The calculation of the earnings per share can be explained as follows:

	H1 2021	H1 2020
Profit for the period	11,870	10,340
Average number of outstanding shares (in thousands)	93,256	93,256
Earnings per share- basic (in euros)	0.13	0.11
Adjustment for share-based payment obligations	1,304	1,588
Average number of outstanding shares diluted (in thousands)	94,560	94,844
Earnings per share - diluted (in euros)	0.13	0.11

Taxes

Taxes for the half-year period under review have been calculated on the basis of the estimated effective annual tax rate applied to pre-tax profit. The corporate income tax in the first six months can be specified as follows:

	H1 2021	H1 2020
Current income tax for the year	-3,036	-2,836
Deferred income tax for the year	-1,857	-1,731
Total	-4,893	-4,567

The effective tax rate for the first six months of 2021 was 29.2% (25.7% for the full-year 2020, and 30.6% for the first half of 2020). The discrepancy between the nominal tax rate of 25.0% and the effective tax rate is largely due to the composition of the taxable amounts across the various countries, in combination with the impact of non-deductible amounts. The effective tax rate for the first half of 2021 was in line with the effective tax rate for the first half of 2020. The effective tax rate for the full year 2020 was affected to a large degree by the change as a result of the renewed adjustment of the corporate income tax rates in the Netherlands as determined for the year 2021 and subsequent years. As of 2021, the nominal rate for corporate income taxes in the Netherlands will remain at 25.0%, contrary to previously proposed adjustments. 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%.

Deferred taxes are measured on the basis of the expected manner of settlement or realisation. The tax loss carry-forwards pertain to the measured rights to loss carry-forwards, as well as temporary value differences related to plant, property and equipment. Of the total asset of EUR 10.5 million based on deferred taxes at end-June 2021, EUR 2.8 million was related to the measurement of rights to loss carry-forwards.

Share-based bonuses

For the members of the Management Board and the senior management, Ordina has a performance-related long-term bonus scheme that involves payments in shares. This performance-related long-term bonus is explained in detail in the 2020 annual report. In the context of this scheme, as per 30 June 2021, the company has conditionally awarded Ordina N.V. shares to the members of the Management Board (a total of approx. 0.4 million shares) and to the members of the senior management (a total of approx. 1.0 million shares).

In connection with the performance-related long-term bonus schemes of the members of the Management Board and of the senior management, Ordina recognised an expense of approx. EUR 0.5 million under personnel costs in the first half of 2021 (first half 2020: approx. EUR 0.5 million). Approx. EUR 0.2 million of this expense was related to the Management Board (first half 2020: approx. EUR 0.2 million) and approx. EUR 0.3 million was related to the members of the senior management (first half 2020: approx. EUR 0.3 million).

Related parties

The remuneration of the members of the Management Board is determined annually by the Supervisory Board. For an explanation of the remuneration policy pertaining to the members of the Management Board, we refer you to the Report of the Supervisory Board as included in the 2020 annual report. The total remuneration for the Management Board amounted to EUR 693,000 in the first half of 2021 (first half 2020: EUR 720,000).

The total remuneration for the members of the Supervisory Board amounted to EUR 107,000 in the first half of 2021 (first half of 2020: EUR 103,000).

Seasonal influences

Ordina's revenue and profit are subject to a limited degree of seasonal influences. The seasonal influences pertain primarily to the lower number of working days in the first half of the year when compared with the second half of the year. This means that Ordina's revenues are generally higher in the second half than in the first half of the year. The movements in working capital are partly influenced by the settlement of liabilities related to items such as holiday pay, bonus payments and dividend payments in the first half of the year.

Off-balance sheet liabilities

The nature and scope of off-balance sheet liabilities as per 30 June 2021 do not differ materially from those reported in note 29 to the consolidated financial statements for the 2020 financial year, with the exception of the recognition of the financial impact of a dispute with a supplier, with reference to the note to other provisions.

Measurement of fair value

On the basis of IFRS 13 'Fair value measurement', the interim financial statements are supposed to include disclosures on how fair value is measured. The carrying amount of the cash and cash equivalents, payables and other debts are close to their fair value due to the short-term nature of these instruments. Trade receivables are also close to their fair value, as any potential downward valuation has already been taken into account via a provision for doubtful debts.

Events after the balance sheet date

There have been no events since 30 June 2021 that might have a material impact on or that might require adjustments to the balance sheet positions as at 30 June 2021, as presented in these condensed interim financial statements.