

# ORDINA N.V. **ANNUAL RESULTS**

2022



## TABLES OF CONTENTS

Growth continues in challenging market conditions	3
FY 2022 highlights	3
Q4 2022 highlights	3
Key figures	3
Jo Maes, CEO Ordina, on the results	4
Group performance	4
Revenue	4
Employees	5
EBITDA	6
Performance per region	6
Net profit	8
Net cash and cash flow	8
Dividend proposal	9
Additional information	10

### About Ordina

Ordina is the digital business partner that harnesses technology and market know-how to give its clients an edge. We do this by using smart solutions to connect technology, business challenges and people. We help our clients to accelerate, to develop smart applications, to launch new digital services and ensure that people embrace those services. Ordina was founded in 1973. Its shares are listed on Euronext Amsterdam and are included in the Smallcap Index (AScX). In 2022, Ordina recorded revenue of EUR 429 million. You will find more information [www.ordina.nl/en/](http://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.

This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

### Financial calendar

<b>6 April 2023</b>	General Meeting
<b>12 April 2023</b>	Ex-dividend date
<b>13 April 2023</b>	Dividend record date
<b>20 April 2023</b>	Dividend payment date
<b>25 April 2023</b>	Publication Q1 trading update
<b>1 August 2023</b>	Publication interim results
<b>2 November 2023</b>	Publication Q3 trading update
<b>15 February 2024</b>	Publication full-year results 2023
<b>4 April 2024</b>	General Meeting

## GROWTH CONTINUES IN CHALLENGING MARKET CONDITIONS

Nieuwegein, 16 February 2023 – Ordina N.V. (Ordina), the digital business partner that harnesses technology and market know-how to give its clients an edge, today presents the full-year results for 2022.

### FY 2022 highlights

- Revenue rises 8.9% to EUR 429.4 million (2021: EUR 394.5 million);
- Business proposition revenue rises to 47% in 2022 (2021: 40%);
- EBITDA increases to EUR 50.4 million (2021: EUR 50.2 million);
- EBITDA margin declines to 11.7% (2021: 12.7%);
- Net profit comes in at EUR 23.9 million (2021: EUR 24.6 million);
- Net cash position remains strong and stands at EUR 37.2 million at year-end 2022 (year-end 2021: EUR 43.6 million);
- Proposal of distribution to shareholders 39.5 eurocents per share, in line with new expanded dividend policy, which will be put to the General Meeting on 6 April.

### Q4 2022 highlights

- Revenue is 6.0% higher at EUR 110.2 million (Q4 2021: 104.0 million);
- EBITDA comes in at EUR 11.6 million (Q4 2021: EUR 14.5 million) and the EBITDA margin amounts to 10.5% (Q4 2021: 13.9%);
- Client satisfaction score in 2022: 7.7 (2021: 7.8); promoter score (NPS) is 66 (2021: 64);
- Employee engagement score remains high at 7.6 (2021: 7.6).

### Key figures

<i>(in thousands of euro, unless stated otherwise)</i>	<b>FY 2022</b>	<b>FY 2021</b>	<b>Change FY 2022 vs. FY 2021</b>	<b>Q4 2022</b>	<b>Q4 2021</b>	<b>Change Q4 2022 vs. Q4 2021</b>
Revenue	429,416	394,471	+8.9%	110,231	104,009	+6.0%
<i>Working days (NL/Belux)</i>	<i>255/250</i>	<i>256 / 251</i>	<i>-1 / -1</i>	<i>64/62</i>	<i>66 / 63</i>	<i>-2 / -1</i>
<i>Adjusted for working days</i>			<i>+9.3%</i>			<i>+8.4%</i>
EBITDA	50,389	50,189	+200	11,563	14,487	-2,924
EBITDA margin	11.7%	12.7%	-1.0% points	10.5%	13.9%	-3.4% points
Net profit	23,895	24,598	-703	5,583	7,565	-1,982
Net cash position	37,205	43,599	-6,394			
Free cash flow	27,142	27,573	-431			

## Jo Maes, CEO Ordina, on the results

"In 2022, we achieved solid growth on all fronts. Not only in terms of revenue, but also in terms of increasing the share of business proposition revenue and increasing the number of employees. As a digital business partner for our clients, we are now even stronger thanks to the continued development of our market and digital themes and high-performance teams. Recently, we became a strategic partner for the Land Registry and at a Belgian insurance company, Ordina has been selected to carry out an extensive data migration project.

We operate in those sectors where demand for digitalisation remains high and our proposition resonates with clients. Over the past year, we invested in our organisation to enable us to continue with the execution of our 2026 strategy. Although these investments had an impact on last year's financial performance in the current challenging economic climate, they do put us in a strong position going forward. We are making solid progress with our strategy and we look to the future with great confidence. In line with these expectations and our high cash generation, we propose a new dividend policy, in line with our strategic agenda and our focus on creating sustainable shareholder value."

## GROUP PERFORMANCE

### Revenue

In 2022, revenue increased by 8.9% to EUR 429.4 million (2021: EUR 394.5 million), with growth achieved in all our markets and regions, while the revenue share of our business propositions increased to 47% (2021: 40%). Growth was driven by a larger number of direct employees and higher rates, linked to our proposition revenue. In the fourth quarter, revenue increased by 6.0% to EUR 110.2 million.

### Revenue per market

<i>(in thousands of euro)</i>	<b>FY 2022</b>	<b>FY 2021</b>	<b>Change FY 2022 vs. FY 2021</b>	<b>Q4 2022</b>	<b>Q4 2021</b>	<b>Change Q4 2022 vs. Q4 2021</b>
Public sector	183,777	163,853	12.2%	49,661	43,145	15.1%
Financial services	112,833	103,699	8.8%	28,916	26,734	8.2%
Industry	132,806	126,919	4.6%	31,654	34,130	-7.2%
<b>Total</b>	<b>429,416</b>	<b>394,471</b>	<b>8.9%</b>	<b>110,231</b>	<b>104,009</b>	<b>6.0%</b>

Ordina recorded revenue growth in all its markets in 2022, with the public sector achieving the strongest growth at 12.2%, while also being the largest market with revenue of EUR 183.8 million (2021: EUR 163.9 million). In the public sector, Ordina started numerous new high-performance teams at several Dutch ministries and the Dutch National Police. In Belgium/Luxembourg, Luxembourg Post is one of Ordina's valued clients. Last year we also achieved strong growth in the business platforms & cloud business proposition.

In the financial services sector, revenue came in 8.8% higher at EUR 112.8 million (2021: EUR 103.7 million). Financial service providers are also making extensive use of Ordina's high performance teams. Health insurers and financial institutions are also devoting a great deal of attention to digital customer interaction and digital transformation

issues, which is translating into assignments. For example, two Dutch insurers have selected Ordina as a partner for their IT services in the field of Mendix system development.

Ordina operates in a number of subsectors in the industry market, such as utilities, logistics and life sciences. Revenue in the industrial market increased by 4.6% to EUR 132.8 million in 2022 (2021: EUR 126.9 million). In the industry market, we serve a greater number of relatively small clients. Based on our strategic objective to grow from a valuable IT partner to a digital business partner with our clients, we are focusing on our top 70 clients. This resulted in a shift of revenue from this market to the other two markets we are active.

## Employees and productivity

	Year-end 2021	Net change	End-H1 2022	Net change	Year-end 2022
Direct FTEs	2,428	+8	2,436	+96	2,532
Indirect FTEs	287	-23	264	+9	273
<b>Total</b>	<b>2,715</b>	<b>-15</b>	<b>2,700</b>	<b>+105</b>	<b>2,805</b>

The number of direct employees increased by 104 FTEs to 2,532 FTEs by year-end 2022. This growth was primarily recorded in Q3 2022, when we were very successful in recruiting young professionals. We also recruited business consultants and initiated new leadership roles in line with our strategy to become our clients' business partner. In the process, a number of indirect employees made the transition to direct roles, where they are active with clients in addition to leading a team. As a result, the number of indirect employees declined compared with year-end 2021, despite the fact that we strengthened our Belgian organisation to facilitate further growth.

The average number of direct employees increased by 146 to 2,445 in 2022 (2021: 2,299).

It remains a challenge to recruit and retain good people due to the tight labor market. In Q4 2022, there was a limited net decline in the number of direct employees (-10 FTEs), with the number of employees increasing slightly in the Netherlands and decreasing slightly in Belgium/Luxembourg. Our focus in the fourth quarter, after the strong growth in the third quarter, was on training and placing the influx of young professionals in our teams.

Our employee engagement score once again came in high at 7.6 (2021: 7.6). Our employees are satisfied to be working at Ordina, especially with the new knowledge they gain in their jobs, together with the working atmosphere.

## Productivity

Productivity stood at 69.4% over 2022, (2021: 72.1%). This decline was driven by a number of factors. For instance, we invested in the organisation in line with our strategic objectives by hiring more young professionals and business consultants. We then devoted a great deal of time to training to prepare these new employees. In addition, we launched a number of commercial initiatives to enable us to make use of the new expertise in our portfolio.

Another investment we made in growth was the creation of new leadership roles in the Netherlands, as a result of which managers are also active at clients' premises. However, the transition to this new model did have a temporary impact on overall productivity.

Finally, absenteeism rose to 4.1% in 2022 (2021: 3.3%). This increase was visible from the second quarter, after all the measures related to Covid-19 were lifted. In 2021, absenteeism was actually lower due to the fact that a lot of people worked from home, which had a positive impact on productivity.

## EBITDA

EBITDA came in EUR 0.2 million higher at EUR 50.4 million in 2022 (2021: EUR 50.2 million) and the EBITDA margin declined to 11.7% (2021: 12.7%).

Despite the tight labor market and high inflation, Ordina increased the number of employees and its revenue. However, growth in the organisation was also accompanied by higher costs.

We were successful in passing on our increased cost base to our clients. In some cases, this did involve timing differences due to ongoing contracts and multi-year framework agreements. The impact of our investments on productivity led to the stabilisation of the absolute result, which in led to a lower margin. Inflation conditions are expected to remain challenging for the foreseeable future.

In the fourth quarter, EBITDA declined by EUR 2.9 million compared with Q4 2021 and the EBITDA margin came in 3.4% points lower at 10.5% (Q4 2021: 13.9%). The higher average number of direct employees combined with higher rates did not fully offset the lower productivity due to investments and absenteeism in Q4 2022.

A one off item at the end of 2022 relates to the accelerated integration of Ordina Subscription Management & Utilities B.V. (the former IFS Probity B.V.). Ordina decided to settle the remaining earn-out obligation early. The settlement of the second and final part of this obligation was initially scheduled for 2024. Settling this now in its entirety will result in a gain of EUR 0.7 million, booked to the income statement.

In 2021, non-recurring gains and losses had a net positive impact of EUR 2-3 million. As a result of Covid-19, operational costs, such as fuel, travel and accommodation costs, were lower, while productivity was higher in 2021. This had a positive impact of around EUR 3-4 million on EBITDA (0.9% points EBITDA margin), while provisions had a net negative impact of EUR 1 million.

## Performance per region

### Revenue per region

(in thousands of euro)	FY 2022	FY 2021	Change FY 2022 vs. FY 2021	Q4 2022	Q4 2021	Change Q4 2022 vs. Q4 2021
The Netherlands	283,358	259,195	9.3%	73,992	70,104	5.5%
Belgium/Luxembourg	146,058	135,276	8.0%	36,239	33,905	6.9%
<b>Total</b>	<b>429,416</b>	<b>394,471</b>	<b>8.9%</b>	<b>110,231</b>	<b>104,009</b>	<b>6.0%</b>

In **the Netherlands**, revenue increased by 9.3% to EUR 283.4 million in 2022. The increase in revenue was driven by a higher average number of direct employees and higher rates related to more business proposition revenue. Higher business proposition revenue was primarily driven by our high performance teams and the business platforms & cloud business proposition.

In the fourth quarter, revenue rose by 5.5% to EUR 74.0 million, also due to more direct employees and higher average rates. However, lower productivity had a negative impact on revenue.

In **Belgium/Luxembourg**, revenue rose by 8.0% to EUR 146.1 million in 2022. Growth was driven by a higher average number of direct employees and higher rates. Revenue from business propositions is growing fast, with the strongest growth in the high performance teams, data acceleration and cybersecurity & compliance business propositions.

In the fourth quarter, revenue increased by 6.9% to EUR 36.2 million, also due to a higher number of direct employees and higher average rates. However, revenue was dampened by lower productivity due, among other things, to the large number of young professionals hired in Q3 2022. To successfully place these new employees in our teams with a client, they must first undergo several weeks of training.

### EBITDA per region

(in thousands of euro and in percentage)	FY 2022		FY 2021		Change FY 2022 vs. FY 2021	
	The Netherlands	28,827	10.2%	28,061	10.8%	+766
Belgium/Luxembourg	21,562	14.8%	22,128	16.4%	-566	-1.6% points
<b>Total</b>	<b>50,389</b>	<b>11.7%</b>	<b>50,189</b>	<b>12.7%</b>	<b>+200</b>	<b>-1.0% points</b>

In **the Netherlands**, EBITDA came in EUR 0.8 million higher at EUR 28.8 million and the EBITDA margin was 10.2% in 2022.

In line with our 2026 strategy, we made a number of changes and investments in our Dutch organisation in 2022, such as hiring more young professionals and business consultants and creating new leadership roles. Furthermore, we were successful in using higher rates, linked to higher business proposition revenue, to offset rising costs due to labour market tightness combined with high inflation. However, this increase was not enough to also offset lower productivity due to higher absenteeism and training hours.

The gain of EUR 0.7 million resulting from the early settlement of the second and final parts of the earn-out obligation related to Ordina Subscription Management & Utilities B.V. had a positive impact on EBITDA in the Netherlands in 2022, while in 2021 one-off items had a positive impact of approximately EUR 1-1.5 million.

In **Belgium/Luxembourg**, EBITDA came in at EUR 21.6 million and the EBITDA margin was 14.8%.

Belgium/Luxembourg has achieved strong growth in recent years. Last year, we invested in the Belgian organisation so we would be able to continue to record strong growth in the future. The tight labor market, rising inflation and salary pressure also increased personnel costs in Belgium/Luxembourg last year. The large number of young professionals who started in Q3 increased our talent pool, but had a negative impact on EBITDA in Belgium/Luxembourg in 2022. In Belgium/Luxembourg, the EBITDA margin still came in higher than our EBITDA target of 12%-14% for 2026.

## Net profit

<i>(in thousands of euro)</i>	FY 2022	FY 2021
<b>EBITDA</b>	<b>50,389</b>	<b>50,189</b>
Depreciation & amortisation	-15,033	-14,439
<b>Operating result (EBIT)</b>	<b>35,356</b>	<b>35,750</b>
Financing expenses/result associates	-1,364	-1,299
<b>Result before tax</b>	<b>33,992</b>	<b>34,451</b>
Taxes	-10,097	-10,098
Revaluation of deferred tax asset	-	245
<b>Net profit</b>	<b>23,895</b>	<b>24,598</b>

Net profit declined by EUR 0.7 million to EUR 23.9 million in 2022 (2021: EUR 24.6 million). The revaluation of the deferred tax asset had a positive impact on net profit in 2021. These revaluations were due to adjustments to the nominal corporate income tax rates in the Netherlands, as applicable in future years.

## Net cash and cash flow

### Main changes in the net cash position

<i>(rounded off to millions of euro)</i>	
<b>Year-end 2021</b>	<b>43.6</b>
Net profit	23.9
Depreciation	15.0
Working capital, provisions and other changes	0.7
Interest & taxes	3.3
Acquisition of group companies	-1.0
Investments	-3.9
Dividend pay-out	-14.7
Share buy-back programme	-15.0
Cash flows from financing activities	-14.7
<b>Year-end 2022</b>	<b>37.2</b>

Ordina's free cash flow declined to EUR 27.1 million in 2022 (2021: EUR 27.6 million). As at 31 December 2022, Ordina had not drawn any amounts under its financing facility. Ordina's capital and liquidity position is strong and this gives a solid foundation for the future.



## Financial position

Our strategic efforts in recent years have improved returns and given us a solid free cash flow. We have also reduced our long-term debt and Ordina had a positive cash position at year-end.

Ordina uses its cash position for its working capital requirements and targeted investments in growth in the short and medium term. Due to the characteristics of our business model, Ordina is conservative in terms of raising long-term debt on its balance sheet.

Ordina's priority is organic growth complemented by selective acquisitions. Our aim is to integrate these acquisitions. This means that we carefully consider potential transactions to ensure an optimal fit, ranging from size to various business and cultural aspects. Our current financial position enables us to make targeted acquisitions if they present themselves.

Over the past 18 months, it proved challenging to make acquisitions that met our criteria. This, combined with the high level of cash we generate, has further strengthened our cash position. This prompted us to review our capital allocation policy, and as a result of this the Management Board, with the approval of the Supervisory Board, intends to propose a new dividend policy for approval at the General Meeting to be held on April 6, 2023.

### Dividend

Ordina maintains a transparent dividend policy with a pay-out ratio of 40-60% of net profit subject to the following conditions:

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

This is based on the assumption that we can continue to guarantee the company's healthy balance sheet ratios.

Given Ordina's strong cash generation combined with its strong capital position, the Management Board intends to propose an adjusted dividend policy to the General Meeting and increase the regular dividend pay-out to 50%-70% of net profit. If no acquisitions were made in the reporting period, the pay-out will be increased to 100%. Also, in principle Ordina will pay out so-called excess cash to shareholders, barring exceptional circumstances, if the cash position at year-end exceeds 0.5x EBITDA for the reporting period.

In line with the proposed new dividend policy, the Management Board, with the approval of the Supervisory Board, therefore proposes to the General Meeting that 100% of the net profit for the financial year 2022 be paid out, this being 26.5 eurocents per share. In addition, the Management Board proposes to pay an additional distribution of excess cash of 13.0 eurocents per share. This will bring the total distribution to 39.5 eurocents per share.

### Purchase of shares for the Executive Board and senior management

Ordina did not issue any new shares in 2022 (as was also the case in 2021). The company intends to repurchase approximately 208,000 Ordina N.V. ordinary shares to settle its obligations related to the share plans for the Management Board and senior management. This will avoid the dilution of shares.

## Additional information

### Workable days 2022 and 2021

	2022		2021	
	NL	B	NL	B
Q1	64	63	63	63
Q2	61	61	61	61
Q3	66	64	66	64
Q4	64	62	66	63
<b>Total</b>	<b>255</b>	<b>250</b>	<b>256</b>	<b>251</b>

### Analyst presentation

#### 11:00 CET – Analyst presentation

Ordina will explain its results at 11:00 CET on 16 February 2022 during an analyst presentation at the Van der Valk Hotel Amsterdam-Amstel. You can follow this presentation via a webcast. You can follow the webcast via the link found at [www.ordina.nl/en/](http://www.ordina.nl/en/). The presentation will be available on our website after the webcast.

### Definitions

Key definitions of the terms used in this press release.

**EBITDA:** earnings before interest, taxes, depreciation and amortization.

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

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