

Press release

Trading update – Q1 2020

Groenlo, Netherlands, 2 April 2020, 5.45pm

- Revenue in first quarter of 2020 up 9% on the same period in 2019
- Measures taken in light of COVID-19
- Revenue forecast for full year 2020 as a whole withdrawn
- General meeting of shareholders scheduled for Thursday 25 June 2020
- Announced resolution regarding 2019 profit appropriation and dividend withdrawn

Revenue in the first quarter

In the first quarter of 2020 Nedap's revenue grew 9% in comparison with the same period in 2019. The business units Healthcare, Livestock Management and Retail showed an increase in revenue, while the business unit Security Management maintained the same level of revenue. The business units Identification Systems and Light Controls saw a lower revenue compared with performance levels in the first quarter of 2019. The Revenue of the business unit Staffing Solutions declined as the current market conditions are quite challenging for this type of industry.

Although 2020 started very positive for Nedap, the company is increasingly feeling the effects of COVID-19.

Approach to the COVID-19 outbreak

During the last few weeks, Nedap encountered a major impact of the outbreak of COVID-19 on its daily operations. The measures previously taken and implemented at the Shanghai and Hong Kong offices have now been implemented at all our offices located in the world.

Nedap has set three priorities in addressing the COVID-19 crisis. The top priority is the health and well-being of Nedap employees, the vast majority of whom are now working from home. Further measures have been implemented to protect employees working in production and logistics and to minimise the risk of infection.

The second priority is Nedap's service to its customers who rely significantly on Nedap's products and services in their day-to-day operations. Support teams in the business units are operational and maintain close contact with customers. Nedap's software services are fully up and running and deliveries of products ordered are currently still almost entirely on schedule.

The third priority is the company's continuity, which largely depends on our financial solidity. Incoming and outgoing cash flows are therefore being closely monitored, additional focus has been placed on debtors and expenditure is being limited where possible. The present circumstances are placing greater demands than usual on supply chain management efforts. Employees are working hard to continue the delivery of orders wherever possible. There is a risk, however, that stricter local measures may delay customer deliveries or even prevent them altogether. Should this happen, the supply of products will be reduced to avoid unwanted inventories.

Employees are and remain of great importance for Nedap's success, in both the short term and the long term. In this light, no changes to the workforce are foreseen.

The company currently has a sound cash position, partly as a result of the successful sale of Nedap France, and healthy credit facilities. Together with the current measures announced by the Dutch government, this is expected to guarantee the company's continuity.

Outlook

The COVID-19 outbreak is having a major impact on the global economy and is currently spreading even further. This will also have negative consequences for Nedap's revenue and profit, and at present, it is difficult to reliably estimate what those consequences will be for the individual business units' revenue development.

Based on current insights, a significant impact is expected on the revenue of the business unit Retail, especially when it comes to fashion retailers. At the business unit Staffing Solutions, the number of hours worked by temporary employees will drop sharply, except for a limited number of sectors including supermarkets and distribution. This will cause a decrease in the business unit's revenue.

The revenue development of the business units Identification Systems, Light Controls and Security Management is depending on the economic impact of COVID-19 in the construction and installation sector. Although the developments in this sector differ from country to country, these business units are also expecting market conditions to gradually worsen, resulting in lower revenue for 2020.

The market conditions are currently still good for the business unit Livestock Management, but in an increasing number of countries it is becoming more and more difficult to install projects. This could slow down the business unit's revenue development. The business unit Healthcare is facing fast changing priorities in the healthcare market. As a result, several implementation processes will be delayed, slowing down the growth in the Healthcare business unit's revenue.

The 2019 annual figures press release of 20 February 2020 forecasted revenue growth for Nedap in the 2020 financial year. Given the COVID-19 outbreak and its negative impact on the global economy, this forecast regarding Nedap's 2020 revenue is hereby withdrawn. A statement about the revenue expected for 2020 can only be made once there is more information on the duration and impact of the crisis.

General meeting of shareholders

Originally scheduled for 9 April, the general meeting of shareholders has been rescheduled for Thursday 25 June starting 11am and will be held at the Amsterdam RAI nhow hotel, Europaboulevard 2b, 1078 RV Amsterdam. The meeting will be convened in accordance with the applicable rules.

Dividend

It is currently not possible to estimate the duration and impact of the COVID-19 crisis. Access to sufficient cash and cash equivalents is crucial to guarantee the company's continuity in these challenging and volatile circumstances. Nedap N.V.'s Board of Directors and Supervisory Board therefore feel that the best course of action at the present moment is to withdraw their original resolution regarding the profit appropriation for the 2019 financial year and the dividend payable. Later in the year when there is more clarity about the company's developments, an interim dividend will be considered, financial results permitting.

About Nedap N.V.

Nedap focuses on the development and supply of Technology for Life: technological solutions that make people more comfortable and successful in their professional lives. Nedap N.V. has a workforce of over 750 employees and operates on a global scale. The company was founded in 1929 and has been listed on Euronext Amsterdam since 1947. Its headquarters are located in Groenlo, the Netherlands.

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Reservation regarding statements containing expectations

The expectations and forward-looking statements presented in this report are based on currently available information. The actual profit/loss achieved can differ significantly from these expectations as a result of changes to the economic climate, developments on specific markets, orders from individual customers and other developments.