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## Trading update Q3 2020

The Netherlands, Groenlo, 20 October 2020, 17:45

### Key points

- Revenue in Q3 2020 5% lower than last year, shows a slight improvement compared to Q2 2020.
  - The business units Healthcare and Livestock Management continue to show further growth.
  - The business units Identification Systems, Retail, Security Management and Staffing Solutions achieve revenue growth in Q3 2020 compared to Q2 2020 but stays behind the comparable period in 2019. The business unit Light Controls shows an increasing decline in Q3 2020.
  - Growth in recurring revenue with 9% compared to third quarter 2019.
- Revenue up to Q3 2020 2% lower than in the comparable period in 2019.
- As a result of the effects of the COVID-19 crisis, a decrease in revenue is expected for Q4 2020 in comparison with last year.
- Interim dividend of € 2.25 per share will be paid out.

### General

In the third quarter of 2020, Nedap's revenue was 5% below the level of the comparable period last year. This was mainly caused by the global measures taken regarding the COVID-19 crisis. Recurring revenue grew by 9% and now amounts to cumulatively 26% of total revenue.

Revenue in the first nine months of 2020 showed a decrease of 2% compared to 2019.

Revenue growth of the business units Healthcare and Livestock Management continued unabated in the third quarter. However, this revenue growth was insufficient to compensate for the decline in the other business units. Compared to the second quarter of 2020, the business units Identification Systems, Retail, Security Management and Staffing Solutions showed an improvement in the third quarter. The business unit Light Controls showed an increasing decline in the third quarter.

Due to the spread in Nedap's activities, the effects of the COVID-19 crisis on the company's revenue and profitability have been limited. The revenue development throughout the year until now, combined with our focus on expenditure control and working capital, further strengthens the financial position of the company. While uncertainty about the duration and long-term effects of the COVID-19 crisis on the global economy continues, the board of directors considers it is prudent to pay an one-off interim dividend of € 2.25 per share. In doing so, the company retains sufficient financial reserves to ensure Nedap's continuity even in these challenging times, while at the same time continuing to invest in the strengthening of our market positions. This to keep focus on the long-term perspective.

**COVID-19**

Nedap's first priority is the health and well-being of its employees. As from the beginning of the COVID-19 outbreak, the policy has been that our employees work from home as much as possible. If it is not possible to work from home, the safety measures taken are still applicable. After the summer period, we continued to pay attention to stimulate cooperation between employees and keeping them informed about the developments within the company. In addition, different virtual training and development initiatives have taken place. New commercial initiatives are being developed within the various business units.

So far, the number of employees worldwide, where a COVID-19 infection has been detected or suspected, is still very limited.

The second priority is and remains the continuity of Nedap's service to its customers. Due to intensive cooperation with our customers, business partners and with the partners in the supply chain, the delivery of our products has also been able to continue in the third quarter.

The third priority is the continuity of the company and thus the financial stability of the company.

The revenue development through the third quarter, combined with our focus on expenditure control and working capital, further strengthens the financial position during the year.

**Developments by business unit***Healthcare*

In the third quarter, the business unit Healthcare (automation of administrative processes for healthcare professionals) continued to grow unabated. Also, in the third quarter, the business unit managed to increase its market share in elderly care, disability care and mental health services. An annual event, the Customer's Day, has taken place virtually this year, with great success and with many (virtual) visitors attended.

*Identification Systems*

Revenue of the business unit Identification Systems (Identification Products for Vehicles and Persons and Wireless Parking Systems) showed an increase in the third quarter compared to the second quarter of this year. However, revenue is still below revenue in the same period in 2019. This decrease is caused by the delay of various procurement processes for several projects and the choice to divide the execution of larger projects into sub-projects.

*Light Controls*

The business unit Light Controls (power electronics and control systems for the lighting industry) showed in the third quarter an increased decline in revenue compared to the second quarter of this year. Especially, in the third quarter it is encountered that the power electronics (UV) showed a delay in the execution of projects for which power supplies are required.

*Livestock Management*

In the third quarter, the business unit Livestock Management (automation of livestock farming processes based on identification of individual animals) again showed good revenue growth, both in the dairy and pig sectors. The revenue growth of the pig sector in China continued, with the risk of African swine fever not completely gone. Growth in the USA also lagged in the third quarter, due to unfavourable market conditions for pig farms, due to the trade dispute with China and the COVID-19.

#### *Retail*

The relaxations of the COVID-19 measures in many countries, lead to the opening of stores in the fashion industry. This resulted in the growth of the revenue of the business unit Retail (retail security, management and information systems) in the third quarter in comparison to the second quarter. However, the revenue for Retail is still far behind compared to the third quarter of 2019. The interest in and demand for our stock management platform !D Cloud continued to grow, what is driven by the growing number of omnichannel initiatives.

#### *Security Management*

The business unit Security Management (access control and security systems) also showed an improvement in revenue in the third quarter compared to the second quarter of 2020. Compared to the same period last year, revenue is still declining. The relaxation of COVID-19 measures in several European countries have once again led to progress in several ongoing projects. The application for new projects is lagging due to market uncertainty, with customers delaying investment decisions.

#### *Staffing Solutions*

The business unit Staffing Solutions (digitised work schedules and hourly processing) showed a decrease in revenue in the third quarter compared to the previous year, but revenue improved compared to the second quarter of 2020.

#### **Outlook**

Also, in the fourth quarter, the COVID-19 crisis is expected to have an effect on the results of Nedap. A decrease in revenue is expected for the fourth quarter. Operating profit in this period will also be expected to be lower than last year, with the impact of the decrease in revenue expected to be partly offset by an improvement in gross margin and lower costs. Even after the payment of an one-off interim dividend, the financial position of Nedap remains good. This allows us to maintain the right balance between short-term focus on cost moderation and to remain open to long-term opportunities, including by further investing where necessary in the organisation and strengthening our market positions.

#### **Important dates in relation to the one-off interim dividend:**

Friday 30 October 2020 – Ex-dividend date  
Monday 2 November 2020 – Record date  
Thursday 5 November 2020 – Dividend payment

#### **Publication of the annual figures 2020**

The 2020 annual figures will be published on 18 February 2021, after the close of trading. The 2020 annual report will be published on the website on 23 February 2021.

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#### **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 is 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 from these expectations as a result of changes to the economic climate, developments on specific markets, orders from individual customers and other developments.

*In case of discrepancies, inconsistencies or interpretation differences between the English and the Dutch version of the trading update, the Dutch version of the trading update will be leading.*