

Trading update Q3 2022

Groenlo, the Netherlands, 20 October 2022, 07:00 CET

Key points

- Q3 revenue in 2022 was up 7% on Q3 of the previous year.
- Over the first nine months of 2022, revenue was up 10% on the same period in 2021. Recurring revenue rose 21% and now makes up 31% of revenue (2021: 28%).
- Continuing investments in growth in combination with higher purchase prices are putting pressure on the operating margin.
- Nedap expects revenue in the second half of 2022 to be higher than in the relatively strong second half-year of 2021.

General

Nedap's revenue increased by 7% in the third quarter. All business units except Security Management posted revenue growth. Nedap propositions remain in high demand, but persistent component shortages slowed down revenue growth. This meant that the business units Light Controls, Livestock Management, Retail and Security Management in particular were unable to complete deliveries or experienced delays. As well as slowing down revenue growth, the supply chain disruptions also cause production costs to increase. Nedap is not only looking for short-term solutions, but also continues to work on making the supply chain more robust and sustainable in the long term.

Depending on the growth potential and strategic importance, investments will continue to be made in developing propositions and attracting employees. In the third quarter, this once again led to the successful recruitment and retention of talent.

Outlook

Nedap expects market conditions to remain volatile and challenging in the final months of the year. The supply chain disruptions are expected to have a continuing impact on revenue development and put pressure on margins. Despite this uncertainty, Nedap expects revenue in the second half of 2022 to be higher than in the relatively strong second half-year of 2021, thanks to its robust portfolio. The expectation that revenue over 2022 as a whole will be higher than revenue in 2021 is therefore maintained.

Business unit developments

Healthcare

The Healthcare business unit (automation of administrative tasks for healthcare professionals in the Netherlands) again saw its revenue rise, mainly on the back of the further roll-out of Nedap's Ons® software platform at mental healthcare organisations. The elderly care and disabled care markets also continued to contribute to growth.

Identification Systems

Revenue posted by the Identification Systems business unit (vehicle identification products and wireless parking systems worldwide) showed growth. This growth was mainly driven by the focus on the reader portfolio and further reinforcement of commercial and operating activities.

Light Controls

Revenue posted by the Light Controls business unit (power electronics and control systems for the global lighting industry) in the third quarter was up on the same period last year, mainly thanks to increasing demand for UV technology. Making the supply chain more robust is a top priority, so as to further increase the reliability of deliveries, despite the scarcity of components.

Livestock Management

The Livestock Management business unit (technological solutions for the dairy and pig farming industries worldwide) continued its growth in the third quarter, mainly on the back of the dairy farming proposition. However, scarcity of components and supply chain disruptions once again held back revenue.

To continue to keep up with current and expected growth in the dairy farming proposition, Nedap is investing significantly in the organisation and the scaling-up of production capacity.

Market conditions in the pig farming industry did not show any improvement. For example, the market in China is still impacted by COVID-19 developments and the lingering consequences of the African swine flu outbreak.

Retail

Revenue at the Retail business unit (global RFID solutions for optimised inventory management, simplified shop processes and prevention of loss of income) grew in the third quarter of 2022. However, Nedap is seeing delays in the implementation of contracts for the iD Cloud proposition that were entered into at the beginning of this year. Customer confidence in iD Cloud remains high, but due to increasing economic uncertainty, some retailers are deciding to delay the implementation of current projects.

Security Management

Scarcity of components resulted in a drop in revenue at the Security Management business unit (access control and global security systems) over the third quarter compared to the same period last year. Revenue over the first nine months of 2022 was therefore down on the same period in 2021, despite increasing demand for the AEOS proposition from new customers and expansion of solutions for existing customers. The business unit has an ongoing focus on reducing delays in deliveries to customers due to the scarcity of components.

Staffing Solutions

The Staffing Solutions business unit (digitised timesheet processing, planning and employee scheduling in the Netherlands) continued its revenue growth of the first half of 2022. This growth was driven by the Flux proposition, the planning and timesheet software for logistics and production companies.

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 850 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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