

Trading update Q3 2023

Groenlo, the Netherlands, 19 October 2023, 07:00 CET

Key points

- In the third quarter, revenue was up 19% on the third quarter of last year. All business units contributed to the revenue growth.
- Revenue over the first nine months of 2023 rose by 20% on the same period in 2022. Recurring revenue was also up 20% and made up 31% of revenue (2022: 31%).
- Although economic developments will impact development of demand in the short term, Nedap maintains its expectation that revenue in the second half of 2023 will be higher than in the second half-year of 2022.

General

In the third quarter, Nedap achieved 19% revenue growth, continuing the growth trend from the first half of the year. All business units showed revenue growth. Similar to the first half of the year, the fulfillment of postponed and delayed orders also contributed to the increase in revenue in the third quarter. This has almost completely cleared the delivery backlog.

Nedap's long-term growth potential remains undiminished. In line with the Step Up! strategy, Nedap continued to invest in product development and commercial strength in the third quarter, with a focus on scale propositions in the four key markets Healthcare, Livestock Management, Retail and Security Management. Nedap has also reached an agreement for the acquisition of MediKIT, an information system for general practitioners. With this, Nedap is entering a new sector of the healthcare market and is further building on its mission to make the Dutch healthcare market better.

Outlook

Economic developments are having a dampening effect on the investment appetite of part of Nedap's customer base. This will have an impact on demand for a number of Nedap propositions in the short term. Despite this, Nedap restates its expectation that revenue in the second half of 2023 will be higher than in the second half-year of 2022.

Business unit developments

Healthcare

Revenue generated by the Healthcare business unit (automation of administrative tasks for healthcare professionals in the Netherlands) continued its growth trend in the third quarter, driven mainly by our growing market share in the mental healthcare market. The elderly care and disabled care markets also contributed to revenue growth.

Nedap has reached agreement with Meditools B.V. for the acquisition of MediKIT, an innovative information system for general practitioners based on open healthcare and IT standards. General practitioners' positive experiences with this system confirm that MediKIT aligns well with the requirements and preferences of present-day GP practices. Nedap expects to build a leading position in the GP market through the combination of this modern information system for GPs and Nedap Healthcare's many years of experience and effectiveness in the healthcare market. The acquisition will take effect on 1 November 2023.

Identification Systems

The Identification Systems business unit (vehicle identification products worldwide) continued to show revenue growth. Demand for Nedap's long-range identification readers remained strong in the third quarter.

Light Controls

Revenue posted by the Light Controls business unit (power electronics for UV systems worldwide) rose in the third quarter, driven partly by efforts to catch up on the order backlog. While component availability increased, the available production capacity remains limited, delaying order fulfilment. Demand for Nedap's smart UV driver technology continues to show an upward trend.

Livestock Management

Revenue generated by the Livestock Management business unit (technological solutions for the dairy farming industry worldwide) again showed growth compared to the same period last year. Like in the first half of the year, catching up on the order backlog played an important role in the third quarter. The backlog has now practically been cleared.

The first customers were connected to the 'Nedap Now' cloud platform in the third quarter. One of the features of Nedap Now is that it lets dairy farmers store historical data to enable in-depth data analyses. It also offers them the option of connecting multiple sites to one system and makes it possible to combine data of multi-site dairy farms.

While Livestock Management's outlook remains positive for the long term, market conditions are rather more challenging in the short term. Due to low milk prices and worsening economic conditions, dairy farmers are currently more cautious in their investment appetite.

The unit's pig farming operations are being carefully transferred to two external parties. This process is on schedule.

Retail

The Retail business unit (global RFID solutions for optimised inventory management, simplified shop processes and prevention of loss of income) posted revenue growth in the third quarter,

mainly on the back of fulfilment of delayed and postponed orders and growth of the iD cloud proposition. Even so, Retail is seeing a slow-down in roll-outs at existing customers as a result of increasing uncertainty worldwide.

Security Management

Efforts to catch up on the backlog of orders that had been delayed due to component shortages had an effect on the Security Management business unit's revenue as well. Software for previously delivered hardware was put into use, which led to fulfilment of one-off software licences giving revenue an extra boost this quarter.

Staffing Solutions

The Staffing Solutions business unit (digitised timesheet processing, planning and employee scheduling in the Netherlands) posted increased revenue in the third quarter. Despite this growth, Nedap recently concluded that its Flux proposition lacks the potential to become a key market. As a result, investments in this proposition will be brought into line with market opportunities over the coming period. Also, the team will be downsized to a compact team to keep serving existing customers. This decision will not have a substantial impact on Nedap's revenue and operating profit.

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 950 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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