

# Financial statements

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## 6.1 Consolidated financial statements

### Consolidated balance sheet as at 31 December (€ x 1,000)

| <b>Assets</b>               | <b>Note</b> | <b>2022</b>    | <b>2021</b>    |
|-----------------------------|-------------|----------------|----------------|
| <b>Fixed assets</b>         |             |                |                |
| Intangible fixed assets     | 1           | 2,847          | 1,806          |
| Tangible fixed assets       | 2           | 41,121         | 39,393         |
| Deferred tax assets         | 3           | 1,161          | 1,365          |
|                             |             | <b>45,129</b>  | <b>42,564</b>  |
| <b>Current assets</b>       |             |                |                |
| Inventories                 | 4           | 28,343         | 23,466         |
| Income tax receivable       |             | 129            | 535            |
| Trade and other receivables | 5           | 43,593         | 34,549         |
| Assets held for sale        | 18          | -              | 782            |
| Cash and cash equivalents   | 6           | 17,483         | 29,615         |
|                             |             | <b>89,548</b>  | <b>88,947</b>  |
|                             |             | <b>134,677</b> | <b>131,511</b> |

**Consolidated balance sheet as at 31 December (€ x 1,000)**

| <b>Liabilities</b>                                | <b>Note</b> | <b>2022</b>    | <b>2021</b>    |
|---|-------------|----------------|----------------|
| <b>Group equity</b>                               |             |                |                |
| Shareholders' equity attributable to shareholders | 7           | <b>81,194</b>  | <b>80,306</b>  |
| <b>Non-current liabilities</b>                    |             |                |                |
| Borrowings  | 8           | 14,000         | 14,000         |
| Lease liabilities                                 | 9           | 1,162          | 1,317          |
| Employee benefits                                 | 10          | 911            | 1,046          |
| Provisions  | 11          | 875            | 1,059          |
|   |             | <b>16,948</b>  | <b>17,422</b>  |
| <b>Current liabilities</b>                        |             |                |                |
| Borrowings  | 8           | -              | -              |
| Lease liabilities                                 | 9           | 946            | 1,104          |
| Employee benefits                                 | 10          | 93             | 76             |
| Provisions  | 11          | 928            | 1,160          |
| Bank overdrafts                                   | 12          | -              | -              |
| Income tax payable                                |             | 379            | 216            |
| Taxation and social security contributions        |             | 2,070          | 2,064          |
| Trade and other payables                          | 13          | 32,119         | 29,163         |
|   |             | <b>36,535</b>  | <b>33,783</b>  |
| <b>Total liabilities</b>                          |             | <b>53,483</b>  | <b>51,205</b>  |
|   |             | <b>134,677</b> | <b>131,511</b> |

## Consolidated statement of profit or loss (€ x 1,000)

|  | Note |         | 2022            | 2021            |
|--|------|---------|-----------------|-----------------|
| <b>Revenue</b>   | 14   |         | 230,559         | 207,012         |
| Cost of materials and outsourced work                      |      | -79,147 |                 | -66,829         |
| Inventory movements of finished goods and work in progress |      | 3,132   |                 | -858            |
|  |      |         | -76,015         | -67,687         |
| <b>Added value</b>   |      |         | <b>154,544</b>  | <b>139,325</b>  |
| Personnel costs  | 15   | -92,047 |                 | -83,317         |
| Amortisation   | 16   | -813    |                 | -1,039          |
| Depreciation   | 17   | -8,855  |                 | -8,450          |
| Impairment of assets                                       | 18   | -       |                 | -653            |
| Other operating costs                                      | 19   | -29,039 |                 | -22,794         |
| <b>Operating costs</b>                                     |      |         | <b>-130,754</b> | <b>-116,253</b> |
| <b>Operating profit</b>                                    |      |         | <b>23,790</b>   | <b>23,072</b>   |
| Financing income   |      | 3       |                 | 9               |
| Financing costs  |      | -333    |                 | -330            |
| <b>Net financing costs</b>                                 |      |         | <b>-330</b>     | <b>-321</b>     |
| <b>Profit before taxation</b>                              |      |         | <b>23,460</b>   | <b>22,751</b>   |

**Consolidated statement of profit or loss (€ x 1,000)**

|   | Note | 2022             | 2021             |
|---|------|------------------|------------------|
| <b>Result before taxation (carried forward)</b>   |      | <b>23,460</b>    | <b>22,751</b>    |
| Taxation  | 20   | -4,756           | -4,467           |
| <b>Profit for the financial year</b>              |      | <b>18,704</b>    | <b>18,284</b>    |
| Result attributable to shareholders of Nedap N.V. |      | 18,704           | 18,284           |
| Average number of outstanding shares              | 7    | <b>6,512,369</b> | <b>6,482,444</b> |
| Earnings per ordinary share (in €)                |      | 2.87             | 2.82             |
| Diluted earnings per ordinary share (in €)        |      | 2.87             | 2.82             |

## Consolidated statement of comprehensive income (€ x 1,000)

|   | 2022          | 2021          |
|---|---------------|---------------|
| <b>Profit for the financial year</b>  | <b>18,704</b> | <b>18,284</b> |
| <b>Unrealised profit/loss</b>   |               |               |
| Items that will (or may) be reclassified to profit or loss after initial recognition: |               |               |
| Currency translation differences  | 140           | 442           |
| <b>Unrealised profit/loss over the reporting period, after taxation</b>               | <b>140</b>    | <b>442</b>    |
| <b>Total realised and unrealised profit/loss for the financial year</b>               | <b>18,844</b> | <b>18,726</b> |
| <b>Total realised and unrealised profit/loss attributable to:</b>                     |               |               |
| Nedap N.V. shareholders   | <b>18,844</b> | <b>18,726</b> |

**Consolidated statement of cash flows (€ x 1,000)**

|   | Note     | 2022           | 2021          |
|---|----------|----------------|---------------|
| <b>Cash flow from operating activities</b>              |          |                |               |
| Profit for the financial year                           |          | 18,704         | 18,284        |
| Adjustments for:  |          |                |               |
| Depreciation and amortisation including impairment      | 16,17,18 | 9,668          | 10,142        |
| Book result on sale of tangible fixed assets            |          | -207           | -108          |
| Exchange differences                                    |          | 115            | 379           |
| Net financing costs                                     |          | 330            | 321           |
| Share-based remuneration                                |          | -550           | 1,970         |
| Income taxes  | 20       | 4,756          | 4,467         |
|   |          | <b>14,112</b>  | <b>17,171</b> |
| Movements in trade and other receivables                | 5        | -8,262         | -6373         |
| Movements in inventories                                | 4        | -4,877         | -404          |
| Movements in taxation and social security contributions |          | 6              | 78            |
| Movements in trade and other payables                   |          | 2,796          | 5,788         |
| Movements in employee benefits                          | 10       | -118           | 43            |
| Movements in provisions                                 | 11       | -416           | -370          |
|   |          | <b>-10,871</b> | <b>-1,238</b> |
| Interest paid   |          | -306           | -323          |
| Interest received                                       |          | 3              | 9             |
| Income tax paid   |          | -3,983         | -5,623        |
|   |          | <b>-4,286</b>  | <b>-5,937</b> |
| <b>Cash flow from operating activities</b>              |          | <b>17,659</b>  | <b>28,280</b> |

## Consolidated statement of cash flows (€ x 1,000)

|  | Note  | 2022           | 2021           |
|--|-------|----------------|----------------|
| <b>Cash flow from investing activities</b>                             |       |                |                |
| Investments in tangible fixed assets                                   |       | -9,735         | -9,119         |
| Investments in intangible fixed assets                                 |       | -1,853         | -712           |
| Proceeds from sale of tangible fixed assets                            |       | 295            | 278            |
| <b>Cash flow from investing activities</b>                             |       | <b>-11,293</b> | <b>-9,553</b>  |
| <b>Cash flow from financing activities</b>                             |       |                |                |
| Repayments on long-term borrowings and derivatives                     | 21.22 | -              | -110           |
| Lease payments   |       | -1,117         | -1,111         |
| Dividend paid to shareholders of Nedap N.V.                            |       | -19,560        | -14,595        |
| Sale of own shares   |       | 2,154          | 952            |
| <b>Cash flow from financing activities</b>                             |       | <b>-18,523</b> | <b>-14,864</b> |
| <b>Movements in cash and cash equivalents and bank overdrafts</b>      |       | <b>-12,157</b> | <b>3,863</b>   |
| Cash and cash equivalents and bank overdrafts at 1 January             |       | 29,615         | 25,689         |
| Exchange differences for cash and cash equivalents and bank overdrafts |       | 25             | 63             |
| <b>Cash and cash equivalents and bank overdrafts at 31 December</b>    |       | <b>17,483</b>  | <b>29,615</b>  |
| Cash and cash equivalents  |       | 17,483         | 29,615         |
| Bank overdrafts  |       | -              | -              |
|  |       | <b>17,483</b>  | <b>29,615</b>  |



**Consolidated statement of changes in shareholders' equity (€ x 1,000)**

|   | Share capital | Statutory reserves | Other reserves | Result attributable to shareholders | Total shareholders' equity |
|---|---------------|--------------------|----------------|-------------------------------------|----------------------------|
| <b>Balance as at 01/01/2021</b>                     | <b>669</b>    | <b>1,467</b>       | <b>57,366</b>  | <b>13,751</b>                       | <b>73,253</b>              |
| Realised result for financial year                  | -             | -                  | -              | 18,284                              | 18,284                     |
| Unrealised result for financial year                | -             | 72                 | 370            | -                                   | 442                        |
| <b>Profit for financial year</b>                    | <b>-</b>      | <b>72</b>          | <b>370</b>     | <b>18,284</b>                       | <b>18,726</b>              |
| Dividend  | -             | -                  | -14,595        | -                                   | -14,595                    |
| Appropriation of profit for previous financial year | -             | -223               | 13,974         | -13,751                             | -                          |
| Movement in share-based remuneration                | -             | -                  | 1,970          | -                                   | 1,970                      |
| Movement in own shares                              | -             | -                  | 952            | -                                   | 952                        |
| <b>Balance as at 31/12/2021</b>                     | <b>669</b>    | <b>1,316</b>       | <b>60,037</b>  | <b>18,284</b>                       | <b>80,306</b>              |
| Realised result for financial year                  | -             | -                  | -              | 18,704                              | 18,704                     |
| Unrealised result for financial year                | -             | -25                | 165            | -                                   | 140                        |
| <b>Profit for financial year</b>                    | <b>-</b>      | <b>-25</b>         | <b>165</b>     | <b>18,704</b>                       | <b>18,844</b>              |
| Dividend  | -             | -                  | -19,560        | -                                   | -19,560                    |
| Appropriation of profit for previous financial year | -             | 448                | 17,836         | -18,284                             | -                          |
| Movement in share-based remuneration                | -             | -                  | -550           | -                                   | -550                       |
| Movement in own shares                              | -             | -                  | 2,154          | -                                   | 2,154                      |
| <b>Balance as at 31/12/2022</b>                     | <b>669</b>    | <b>1,739</b>       | <b>60,082</b>  | <b>18,704</b>                       | <b>81,194</b>              |

Movement in own shares concerns the sale of shares held by the company itself to cover employee participation plans, plus or less changes in shareholders' equity relating to the recognition of liabilities under IFRS 2 regarding these employee participation plans.

## Consolidated statement of changes in shareholders' equity (€ x 1,000)

| <b>Share-based remuneration reserve</b> | <b>2022</b>  | <b>2021</b>  |
|---|--------------|--------------|
| Bonus depositary receipts               | 512          | 565          |
| 10% purchase discount                   | 131          | 141          |
| NAPP reserve                            | 1,354        | 1,841        |
| <b>Total</b>                            | <b>1,997</b> | <b>2,547</b> |

  

| <b>Statutory reserves</b>                           | <b>2022</b>  | <b>2021</b>  |
|---|--------------|--------------|
| Capitalised development costs                       | 1,680        | 1,232        |
| Exchange differences                                | 47           | 72           |
| Profit from participations not freely distributable | 12           | 12           |
| <b>Total</b>  | <b>1,739</b> | <b>1,316</b> |

Dividend per share for the 2022 financial year has been set at €3.00 (€3.00 in 2021).

## Accounting policies

### General

Nedap N.V. is a public limited company under Dutch law, having its registered office under the articles of association at Parallelweg 2, 7141 DC in Groenlo, Netherlands, registered in the Chamber of Commerce's trade register under number 08013836. The company's 2022 consolidated financial statements cover the company and its subsidiaries, who together form the group, referred to below as Nedap. The financial year coincides with the calendar year. Nedap develops and supplies smart technological solutions for socially relevant themes, including sufficient food, clean drinking water, security and healthcare. On 22 February 2023, the financial statements were approved for publication by both the Supervisory Board and the Board of Directors. The financial statements will be submitted to the annual general meeting for adoption on 13 April 2023. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with Title 9 of Book 2 of the Dutch Civil Code.

|   |      |                                  |
|---|------|----------------------------------|
| Nedap Beveiligingstechniek B.V., Groenekan, Netherlands | 100% | participation                    |
| Nedap Deutschland GmbH, Krefeld, Germany                | 100% | participation                    |
| Nedap Great Britain Ltd., Theale, Reading, UK           | 100% | participation                    |
| Nedap Iberia S.A.U., Madrid, Spain                      | 100% | participation                    |
| Nedap Polska Sp. z o.o., Warsaw, Poland                 | 100% | participation                    |
| Nedap Asia Ltd., Hong Kong, China                       | 100% | participation                    |
| Nedap China Ltd., Shanghai, China                       | 100% | participation of Nedap Asia Ltd. |
| Nedap FZE, Dubai, United Arab Emirates                  | 100% | participation                    |
| Nedap Inc. te Burlington, Verenigde Staten van Amerika  | 100% | deelneming                       |

### Going concern

The accounting policies used in preparing these financial statements are based on a going concern assumption for the company. Over the year, and at the year-end closing in particular, there was additional focus on the collectability of accounts receivable, the measurement of inventories, and asset impairments. Since added value rose over the financial year and costs increased less steeply than initially expected, the company was able to post a profit for 2022. Given that the financial position is stable in terms

of results and equity, and the outlook is positive, the going concern assumption was applied in preparing the financial statements.

### Rounding

Unless specified otherwise, all amounts recognised in the financial statements and explanatory notes are rounded to the nearest thousand currency units.

## Estimates

IFRS-compliant reporting requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported value of assets, liabilities, income and costs. The estimates and underlying assumptions are based on past experience and various other factors which are considered fair under the circumstances. The results constitute the basis for judgements on the book value of assets and liabilities that cannot be simply derived from other sources. The actual results may differ from these estimates. The estimates and underlying assumptions are under constant review. Revisions to estimates are recognised in the period in which the estimate is revised if the revision only has consequences for that period, or in the revision period and future periods if the revision has consequences for both the reporting period and future periods. The most critical estimate relates to the capitalisation of development costs, which is detailed below. Further estimates relate primarily to measurement of tangible and intangible fixed assets, employee benefits, deferred tax assets, provisions and inventories. For details of these other estimates, please refer to the relevant accounting policies as specified in these financial statements.

Development costs are, as per the criteria of IAS 38, capitalised if all of the following conditions are met: 1) the development costs were incurred for propositions that are new for Nedap and creating a user-ready product is technically feasible, 2) Nedap has the intention to prepare this product for use, 3) the costs involved can be calculated reliably, and 4) the proposition is likely to have market potential and yield future economic benefits.

The main estimation element in this respect is the realisable economic benefits. It is inherent to innovative products that it can take many years for a proposition to become successful and for it to be possible to establish with the required level of certainty that the targeted economic benefits are indeed realisable. Given the combination of the above conditions, Nedap capitalises development costs only to a limited degree. On top of that, the development costs recognised relate mainly to maintenance, upgrades, and further development of existing propositions in Nedap's case, and less so to the actual development of new propositions.

For further details, please refer to the principles on the recognition of intangible fixed assets and note 1 to these financial statements.

## Comparison to last year

Where necessary, comparative figures have been adjusted for comparison purposes. Comparative figures from prior years were not adjusted.

## Consolidation

The financial data of Nedap N.V. and of the subsidiaries listed above (jointly referred to as Nedap) have been consolidated in full if the requirements of IFRS 10 are met. Balance sheet positions and transactions between consolidated companies and unrealised result on such transactions are eliminated when preparing the consolidated financial statements. The unrealised profit/loss of consolidated companies on transactions with non-consolidated companies is eliminated in proportion to Nedap's interest in that participation.

## Foreign currency

The financial statements are presented in euros, which is Nedap's functional and presentational currency. Profits/losses and financial positions of consolidated companies in a functional currency other than the euro are converted to euros as follows: assets and liabilities are converted at the exchange rate as at the balance sheet date, and income and costs are converted

at the average exchange rate. Exchange differences on participations are added or charged to the statutory reserves via the other comprehensive income.

Transactions in foreign currencies are converted into the functional currency at the exchange rate on the transaction date. Profits and losses arising as a result of the settlement of such transactions are recognised in the statement of profit or loss.

### **Financial instruments**

Regular purchases and sales of financial assets are entered on the transaction date. Financial assets are no longer recognised on the balance sheet when rights to receive cash flows from the financial assets have either expired or been transferred, and the group has transferred virtually all risks and benefits of ownership.

### **Non-derivative financial instruments**

Non-derivative financial instruments are loans receivable, trade and other receivables, cash and cash equivalents, borrowings and trade and other payables, excluding projects in progress. On initial recognition, non-derivative financial instruments are recognised at fair value, with directly attributable transaction costs included

on initial recognition. After initial recognition, non-derivative financial instruments (excluding cash and cash equivalents) are recognised at amortised cost less expected credit losses. Profits or losses ensuing from changes in the measurement of these instruments are recognised in the statement of profit or loss under other operating costs.

### **Intangible fixed assets**

#### *Investigation*

Costs relating to research activities are recognised in the statement of profit or loss at the time of occurring.

#### *Development*

Any development costs for which future economic benefits can reliably be estimated, that can be reliably measured and that were not incurred for the maintenance of an existing product or adaptation to suit new market circumstances are capitalised. Such costs are of a project-based nature.

All other development costs are recognised in the statement of profit or loss at the time of occurring. The recognised value of capitalised development costs consists of external and directly attributable internal costs and

overheads. Capitalised projects are technically feasible and Nedap intends to implement them. Nedap has access to (or is able to obtain) sufficient technical, financial and other resources to finalise and market the products it has developed.

To a great extent, the capitalised projects are for detection and inventory management systems.

#### *Subsidies*

Government subsidies are credited to the statement of profit or loss when there is reasonable certainty that the subsidy will be received and that the group will be able to meet all associated conditions. Pending subsidies to which Nedap can lay claim are recognised on the balance sheet under trade and other receivables. If the subsidy relates to the purchase, manufacturing or creation of an asset, the subsidy is deducted from the asset in question.

#### *Amortisation of intangible fixed assets*

Capitalised development costs are amortised on a straight-line basis. Amortisation rates depend on product types and range from 20% to 33%.

### *Other*

Software & licenses acquired are recognised at historical cost less accumulated amortisation and impairments. Amortisation is applied on a straight-line basis over the estimated economic life. The amortisation rate is 20%.

### **Tangible fixed assets**

Tangible fixed assets purchased or manufactured are recognised at historical cost less accumulated depreciation and impairment. Costs of tangible fixed assets are capitalised as 'in progress' under tangible fixed assets when they are not yet ready to be commissioned. As soon as the asset has been completed, it will be included in the asset category that corresponds to the asset. The recognised value of assets manufactured in-house consists of external and directly attributable internal costs and overheads. Tangible fixed assets are classified as 'assets held for sale' provided assets are indeed available for immediate sales and are highly likely to be sold. Tangible fixed assets available for sale are recognised at book value or lower fair value, less selling costs. Available-for-sale tangible fixed assets are not depreciated.

### *Depreciation of tangible fixed assets*

Depreciation of tangible fixed assets is applied on a straight-line basis over the estimated economic life. Land is not depreciated.

The annual depreciation rates are:

|                                |            |
|--------------------------------|------------|
| Company buildings and premises | 3% to 10%  |
| Machinery                      | 13% or 18% |
| Installations                  | 7% or 10%  |
| Other equipment                | 20%        |

Depreciation rates are evaluated annually and adjusted if necessary.

### *Leases*

Leases are recognised as a right of use and corresponding liability on the date on which the leased asset is available to the Group.

Contracts can contain both lease and non-lease components. The Group attributes the contract fee to the lease and non-lease components based on their relative autonomous prices.

Nedap has opted to treat lease and non-lease components as separate items.

Non-lease components are mainly service-related services.

Assets and liabilities ensuing from a lease and recognised as lease components are initially measured at present value. After initial measurement at cost less any depreciation and any accumulated impairment losses, the rights of use are, after initial recognition, corrected for any revaluation of the lease liability as a result of reassessments or lease modifications.

Lease liabilities include the net present value of the fixed lease payments and variable lease payments based on an index or price, initially measured using the index or price as it is on the lease commencement date.

Lease payments made under reasonably certain options for extension of the lease are also included in the measurement of the liability. In determining the lease term, the management factors in all information and circumstances that constitute economic incentives to exercise an extension option.

If any improvements made to the asset are expected to lead to significant residual value, it is generally reasonably certain that the Group

will choose to extend the lease. Otherwise, the Group takes other factors into account, such as past lease terms and the costs and business disruptions that would be inevitable when replacing the leased asset.

Lease payments are factored in based on the imputed rate of interest in the lease. If that rate cannot be determined easily, which is generally the case for leases in the Group, the lessee's incremental borrowing rate of interest is used, i.e. the rate at which the individual would have to pay interest to borrow the funds needed to acquire a similar-value right-of-use asset in a comparable economic environment with comparable conditions and guarantees.

The Group is subject to possible future increases of variable lease payments based on an index or rate, which are not recognised in the lease liability until they become effective. When adjustments to lease payments based on an index or rate become effective, the lease liability is reassessed and adjusted to the right of use. Lease payments are split up into right-of-use and financing costs. The financing costs are charged to the profit or loss for the lease period to generate a constant periodical interest rate for the remaining balance of the liability for each

applicable period. Rights of use are measured at cost, which is made up of:

- the amount of the first measurement of lease liabilities;
- all lease payments made on or before the commencement date, less lease benefits received;
- any initial direct costs; and
- acceptable restoration costs.

Right-of-use assets are generally depreciated on a straight-line basis over the lease term or the asset's service life, whichever is the shortest period. If the Group is reasonably certain that it will exercise a purchase option, the right of use is depreciated over the useful life of the underlying asset.

Payments under short-term leases and all leases for low-value assets are recognised in the statement of profit or loss as a cost.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets with a new-for-old value of under €5,000.

### **Deferred tax assets**

Deferred tax assets relate to losses brought forward and temporary differences between the

book value of assets and liabilities and the tax book values of these items. Deferred tax assets are calculated, for each fiscal entity, at the tax rates that are expected to apply when they are realised. Deferred tax assets are only recognised if it is likely that these can be realised. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax assets and liabilities and they relate to taxes levied by the tax authorities on the same taxable entity or on various tax entities, but are intended to settle offset current tax liabilities and assets or will realise their tax liabilities and assets simultaneously.

### **Inventories**

Inventories are recognised at either cost or net realisable value, whichever is lower. Cost is determined based on the First-In-First-Out method (FIFO). Net realisable value is the estimated selling price less costs to be incurred. The cost of products in progress and Nedap-manufactured finished goods includes direct manufacturing costs, plus a mark-up for indirect manufacturing and purchasing costs. Inventories are revalued downward based on expected realisable value, provided this is lower than cost. These downward revaluations are applied based on age, sales projections or expected usage - or a combination of the above.

### Cash and cash equivalents

Cash and cash equivalents may include deposits held with banks that are available on demand, other short-term investments that are very liquid and have an original term of three months or shorter, and which can be converted immediately to specific cash amounts, while also involving negligible exposure to the risk of changes in value, as well as bank overdrafts or current-account receivables. Cash balances and current-account receivables are recognised under cash and cash equivalents in current assets, while bank overdrafts are recognised as bank overdrafts under current liabilities on the balance sheet.

### Impairment of assets

The book value of assets is reviewed mid-year and at year-end for any indication of impairment. If indications of impairment are found, impairment is recognised based on realisable value, which is either the direct realisable value or value in use, whichever is the highest. Impairment is recognised in the statement of profit or loss. If information or circumstances arise in a subsequent period that show that the value of the asset has increased, causing the impairment to fully or partially cease to apply, the impairment is revoked.

The book value of the asset is raised to the revised realisable value, albeit never beyond the book value that would have been recognised if impairment had not taken place. The increase is incorporated directly into the statement of profit or loss. Assets both in use and not yet in use are involved in determining impairment.

### Statutory reserves

These non-distributable reserves are formed for the amount of development costs capitalised on the balance sheet, for exchange differences for participations, to the extent that there is a positive balance, and for the share in participations which cannot be freely obtained. Statutory reserves have also been included in the consolidated statement of changes in shareholders' equity to ensure reconciliation with the shareholders' equity as recognised in the company financial statements.

### Share-based remuneration

Nedap operates two plans that give employees the option to invest in Nedap depositary receipts through *Stichting Medewerkerparticipatie Nedap* (subsequently referred to as 'the Stichting'): the *Employee participation plan* (the 'Plan') and the *Nedap Additional Participation Plan* (the 'NAPP').

The value of these plans is recognised as cost in the statement of profit or loss, while the amount charged to the profit/loss is recognised in the shareholders' equity, to the extent that share-based remuneration is settled through equity instruments of the legal entity. The part settled in cash and cash equivalents is recognised under liabilities. The total amount to recognise as cost is the fair value of the depositary receipts awarded without factoring in performance-related conditions. Over the period that such performance is delivered, the total amount to recognise as cost is charged to the profit/loss on a straight-line basis.

Since 2010, the Plan has offered Nedap N.V. employees the option to use part or all of their annual share in the profits to purchase Nedap depositary receipts. Besides the option to invest the amount of their share in the profits in the Stichting in exchange for depositary receipts, Nedap's Board of Directors and business unit leaders are required to invest at least 50% of their variable remuneration in Nedap depositary receipts. As a result, at least 50% of variable remuneration is of a long-term nature.

After purchase, depositary receipts will be the unconditional property of the holder and they



cannot be sold for a period of four years. The holder of the depositary receipt is immediately entitled to the full dividend per share. Besides the purchase discount, a bonus depositary receipt is awarded for every four depositary receipts after four years, provided certain conditions are met. Bonus depositary receipts entitle the holder to dividend from the moment they are awarded.

The value of the bonus depositary receipts has been derived from the Nedap share price on the Euronext Amsterdam stock exchange. This value is corrected for the dividends expected during the period of four years during which the depositary receipts are locked up.

### **Defined-contribution pension plan**

Since 1 January 2015, Nedap has had a defined-contribution pension plan for its employees. Liabilities are recognised as a cost in the statement of profit or loss in the period to which they relate. Administration of the scheme has been commissioned to a Premium Pension Institution (PPI). Nedap has no other liabilities relating to the extent of the target pension or indexations other than the contributions payable.

### **Deferred tax liabilities**

Deferred tax liabilities arise from temporary differences between the book value of assets and liabilities and the tax book values of these items. Deferred tax liabilities are calculated, for each fiscal entity, at the tax rates that are expected to apply when they are settled. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax assets and liabilities and they relate to taxes levied by the tax authorities on the same taxable entity or on various tax entities, but are intended to settle offset current tax liabilities and assets or will realise their tax liabilities and assets simultaneously.

### **Provisions**

Provisions for legal claims, service guarantees, and obligations to repair are recognised when Nedap has incurred a legal or constructive obligation as a result of events in the past, it is likely that a disbursement of resources will be required to settle the obligation, and the amount can be estimated reliably. Provisions will not be made for future operating losses. Provisions are measured at the present value of the management's best estimate of the expenditure needed to settle the current obligation at the end of the reporting period,

using a discount rate that is in line with current market rates.

#### *Guarantee provision*

The guarantee provision is for claims made by customers under agreed guarantees. The term during which a customer can exercise this right varies between products. The measurement is determined based on estimated costs that are expected to ensue from current warranty obligations as at the balance sheet date. Aside from that, the provision may contain specific guarantee commitments.

#### *Restructuring provision*

A restructuring provision is recognised as soon as Nedap has approved a detailed and formal restructuring plan and a start has been made on the restructuring or when it has been announced publicly. A provision is not made for future operating losses.

#### *Anniversary benefits provision*

Nedap's liability under other long-term employee benefits, the 12.5-year, 25-year and 40-year employment anniversary, concerns the amount of entitlements accrued by employees in exchange for their services over the reporting period and preceding periods.

These entitlements are discounted to determine the present value. Revaluations are incorporated into the profit/loss for the period in which they occur.

### **Revenue**

Revenue is based on transaction prices allocated to individual performance obligations, being either a distinct good or service or a series of distinct goods or services that are largely the same, and showing the same pattern of transfer to a customer. Revenue from sales of goods and software related to these goods is recognised in the profit/loss upon transfer of the right of disposal of the goods or software by Nedap.

Revenue from software subscriptions (licences) and services is recognised for each service or on a straight-line basis over the term of the contract. Licences involve the granting of a right of access to Nedap's software as it is during the entire term of the licence. If service contracts are invoiced in advance, these amounts are recognised on the balance sheet as amounts received in advance under 'trade and other payables'.

Commitments to accept returns of or issue refunds for products and/or services are limited to those products and/or services for which

Nedap has issued a warranty and subject to all warranty conditions being met.

The group does not have any material costs for the acquisition of contracts with customers and rarely groups products and/or services together in contracts. Delivery obligations under contracts that Nedap enters into with its customers consist mainly of agreements on the customer's right to acquire products and/or services at the agreed price. Nedap's associated liability to provide these products and/or services is calculated upon fulfilment of this obligation.

Wherever separate, identifiable obligations exist for which a customer cannot be charged separately, revenue has been recognised in proportion to the fulfilment of these obligations. Price agreements between Nedap and its customers are, however, largely based on separately identifiable products and/or services, which are calculated and recognised as revenue on the date of delivery.

### **Financing income and costs**

Financing income and costs are interest received from third parties and interest paid to third parties and similar costs. Financing income and costs are recognised in the statement of profit or loss using the effective interest method.

### **Taxation**

Taxation on profit for the financial year comprises taxes payable and receivable for the reporting period and the movement in deferred taxation. Taxation on profit is recognised in the statement of profit or loss, unless it relates to items recognised directly in shareholders' equity, in which case the related taxation is also recognised in shareholders' equity. Taxation payable or offsettable over the reporting period consists of income tax on the taxable profit/loss, as calculated based on tax rates set by law, and corrections to taxation paid for previous financial years.

### **Statement of cash flows**

The statement of cash flows is prepared using the indirect method. Cash flows in foreign currencies are converted at the exchange rates on the date of the cash flow or at average rates. Interest paid and received is included in cash flow from operating activities, while dividend paid to and received from shareholders is incorporated into cash flow from financing activities.

### **Credit risk**

Credit risk is the risk of financial losses for Nedap due to non-compliance with payment obligations on the part of a customer or counterparty. Credit risks arise in particular

on receivables from customers. Nedap reduces this risk by insuring trade receivables against non-payment where possible. The risk of non-payment then lies largely with the credit insurance company. If possible, security is requested from trade debtors who cannot be insured. If necessary, a provision for doubtful debts is formed. The Group assesses its receivables without credit risk insurance on an individual basis, while the expected credit loss model has been applied for those receivables without credit risk insurance that have not been remeasured downward.

When it comes to banks and financial institutions, cash and cash equivalents are held only with parties with at least an 'A' rating awarded by an independent ratings agency.

### Liquidity risk

Liquidity risk is the risk that Nedap cannot meet its financial obligations when they become due. Nedap reduces this risk by maintaining sufficient access to capital. In this respect, an ample credit facility running through to April 2026 has been taken out, whereby the total facilities of €44 million (including temporary facilities of €5 million in the period from April to September) are not subject to covenants.

### Currency risk

Nedap reduces the currency risk by restricting the size of transactions in foreign currencies and, if necessary, hedging these risks. For the most important foreign currency – the US dollar – an internal hedging system is used, which means that payments in US dollars are made using US dollars available elsewhere in the company. In 2022, the US dollar was, after the euro, the currency used for most transactions. The US dollar was also the currency with the highest net transaction value in 2022 (3% of revenue), whereby most US dollar transactions were purchases. A hypothetical change of 10% in the US Dollar exchange rate would have pushed the profit for the financial year up or down by €0.7 million.

### Interest rate risk

A change of 100 basis points in interest rate on the loans specified in Note 8 would affect the profit for the financial year by €0.1 million (€0.1 million in 2021).

### Market risk

Nedap reduces its market risk by operating in different geographical markets and areas of application with different products.

### Capital management

Nedap strives for a conservative financing structure reflected by a solvency ratio of at least 50% and net debt/EBITDA of a maximum of 1.5. Temporary deviation from this target figure is possible for strategic reasons. In 2022, these ratios were 60% and -0.1 respectively (61% and -0.5 in 2021).

### Segmentation

Nedap's long-term policy focuses on creating solutions with sustainable meaning for customers, employees and shareholders. The company wishes to achieve this through growth in revenue and profits, based on the culture of expertise, creativity and entrepreneurship that it has built up over the past decades.

Achieving this objective not only requires know-how of technology and market conditions, but also an increasing degree of knowledge of the customer's business processes and applications that our solution is ultimately used in. The focus of activities on a customer or group of customers (business unit) is a significant condition for creating a genuinely distinctive and sustainable solution for our customers and their users, and thus also having sustainable meaning

for our employees and shareholders. The technologies used in such solutions are closely related, so the business units often draw on each other's technological know-how, products, systems, production resources and market and user experience. This applies for all of Nedap's activities and business units. This exchange of know-how and resources, without financial settlement, is an ongoing and informal process and, therefore, a vital part of the entrepreneurial culture.

IFRS 8 requires the financial statements to present segment information that is in accordance with the internal information used by the directors to assess performance and allocate resources. Nedap N.V.'s Board of Directors assesses the company's overall and each business unit's profit/loss and the performance of the business units mainly on the basis of its own observations, day-to-day communications with the business units and development and market prospects. Based on this, decisions are made, staff are allocated and resources are made available. Nedap does not have separate segments as referred to in IFRS 8. The geographical distribution of tangible fixed assets, intangible fixed assets and revenue, and the breakdown of revenue into categories

are disclosed in the financial statements as required by IFRS 8.

### **Standards and interpretations implemented for the first time**

Certain new standards and interpretations that have been published are not compulsory for the reporting period ending 31 December 2022. The Group has not proceeded to the early application of these standards and interpretations. These standards and interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 1. Intangible fixed assets (€ x 1,000)

|                                    | Capitalised<br>development costs | Software<br>& licences | In progress and<br>prepayments | Total intangible<br>fixed assets |
|------------------------------------|----------------------------------|------------------------|--------------------------------|----------------------------------|
| <b>Year-end 2020</b>               |                                  |                        |                                |                                  |
| Purchase price                     | 4,334                            | 1,299                  | -                              | 5,633                            |
| Amortisation including impairments | -2,878                           | -544                   | -                              | -3,422                           |
| <b>Book value</b>                  | <b>1,456</b>                     | <b>755</b>             | <b>-</b>                       | <b>2,211</b>                     |
| <b>Movements in 2021*</b>          |                                  |                        |                                |                                  |
| Investment                         | 163                              | 200                    | 349                            | 712                              |
| Disposal (on balance)              | -                                | -78                    | -                              | -78                              |
| Amortisation                       | -736                             | -303                   | -                              | -1,039                           |
| <b>Net movements</b>               | <b>-573</b>                      | <b>-181</b>            | <b>349</b>                     | <b>-405</b>                      |
| <b>Year-end 2021</b>               |                                  |                        |                                |                                  |
| Purchase price                     | 4,497                            | 1,300                  | 349                            | 6,146                            |
| Amortisation including impairments | -3,614                           | -726                   | -                              | -4,340                           |
| <b>Book value</b>                  | <b>883</b>                       | <b>574</b>             | <b>349</b>                     | <b>1,806</b>                     |
| <b>Movements in 2022</b>           |                                  |                        |                                |                                  |
| Investment                         | 83                               | 98                     | 1,673                          | 1,854                            |
| Amortisation                       | -550                             | -263                   | -                              | -813                             |
| <b>Net movements</b>               | <b>-467</b>                      | <b>-165</b>            | <b>1,673</b>                   | <b>1,041</b>                     |
| <b>Year-end 2022</b>               |                                  |                        |                                |                                  |
| Purchase price                     | 3,904                            | 1,396                  | 2,022                          | 7,322                            |
| Amortisation including impairments | -3,488                           | -987                   | -                              | -4,475                           |
| <b>Book value</b>                  | <b>416</b>                       | <b>409</b>             | <b>2,022</b>                   | <b>2,847</b>                     |

\* In the 2022 reporting year, a development project that was still in progress at year-end 2022 was recognised as 'in progress' as at year-end 2021. Intangible fixed assets in progress and prepayments include a €915 investment relating to intangible fixed assets developed in-house.

## 2. Tangible fixed assets (€ x 1,000)

|                                    | Company build-<br>ings<br>and premises | Machinery and<br>installations | Other<br>fixed<br>equipment | In progress<br>and<br>prepayments | Right-of-use<br>leases | Total<br>tangible<br>fixed assets |
|------------------------------------|--|--------------------------------|-----------------------------|-----------------------------------|------------------------|-----------------------------------|
| <b>Year-end 2020</b>               |  |                                |                             |                                   |                        |                                   |
| Purchase price                     | 37,727                                 | 20,356                         | 35,701                      | 2,114                             | 3,989                  | 99,887                            |
| Depreciation including impairments | -22,117                                | -16,035                        | -21,934                     | -                                 | -1,770                 | -61,856                           |
| <b>Book value</b>                  | <b>15,610</b>                          | <b>4,321</b>                   | <b>13,767</b>               | <b>2,114</b>                      | <b>2,219</b>           | <b>38,031</b>                     |
| <b>Movements in 2021</b>           |  |                                |                             |                                   |                        |                                   |
| Investment                         | 3,208                                  | 313                            | 3,371                       | 2,333                             | 1,296                  | 10,521                            |
| Completed assets in progress       | -                                      | -                              | 2,114                       | -2114                             | -                      | -                                 |
| Disposal (on balance)              | -                                      | -                              | -92                         | -                                 | -89                    | -181                              |
| Depreciation                       | -1556                                  | -796                           | -4956                       | -                                 | -1142                  | -8450                             |
| Impairments                        | -                                      | -                              | -274                        | -254                              | -                      | -528                              |
| <b>Net movements</b>               | <b>1,652</b>                           | <b>-483</b>                    | <b>163</b>                  | <b>-35</b>                        | <b>65</b>              | <b>1,362</b>                      |
| <b>Year-end 2021</b>               |  |                                |                             |                                   |                        |                                   |
| Purchase price                     | 40,104                                 | 20,246                         | 38,158                      | 2,333                             | 4,240                  | 10,5081                           |
| Depreciation including impairments | -22,842                                | -16,408                        | -24,228                     | -254                              | -1956                  | -65,688                           |
| <b>Book value</b>                  | <b>17,262</b>                          | <b>3,838</b>                   | <b>13,930</b>               | <b>2,079</b>                      | <b>2,284</b>           | <b>39,393</b>                     |

\* moulds, dies, measuring and testing equipment, furniture and fittings, computer systems and vehicles.

## 2. Tangible fixed assets (€ x 1,000)

|                                    | Company build-ings<br>and premises | Machinery and<br>installations | Other<br>fixed<br>equipment | In progress<br>and<br>prepayments | Right-of-use<br>leases | Total<br>tangible<br>fixed assets |
|------------------------------------|------------------------------------|--------------------------------|-----------------------------|-----------------------------------|------------------------|-----------------------------------|
| <b>Movements in 2022</b>           |                                    |                                |                             |                                   |                        |                                   |
| Investment                         | 2,509                              | 2,247                          | 3,953                       | 1,159                             | 977                    | 10,845                            |
| Completed assets in progress       | -                                  | -                              | 2,079                       | -2,079                            | -                      | -                                 |
| Disposal (on balance)              | -11                                | -4                             | -74                         | -                                 | -173                   | -262                              |
| Depreciation                       | -1,759                             | -774                           | -5,211                      | -                                 | -1,111                 | -8,855                            |
| Impairments                        | -                                  | -                              | -                           | -                                 | -                      | -                                 |
| <b>Net movements</b>               | <b>739</b>                         | <b>1,469</b>                   | <b>747</b>                  | <b>-920</b>                       | <b>-307</b>            | <b>1,728</b>                      |
| <b>Year-end 2022</b>               |                                    |                                |                             |                                   |                        |                                   |
| Purchase price                     | 41,871                             | 18,958                         | 41,945                      | 1,159                             | 4,658                  | 108,591                           |
| Depreciation including impairments | -23,870                            | -13,651                        | -27,268                     | -                                 | -2,681                 | -67,470                           |
| <b>Book value</b>                  | <b>18,001</b>                      | <b>5,307</b>                   | <b>14,677</b>               | <b>1,159</b>                      | <b>1,977</b>           | <b>41,121</b>                     |

At year-end 2022, €1,486 of the book value of 'Right-of-use leases' related to premises and €491 to other fixed equipment. Depreciation totalled €887 and €224 respectively in 2022. Currency translation differences are ignored, given their small significance. Tangible fixed assets are insured at new-for-old value. A right of mortgage on immovable property amounting to €18.9 million (€18.9 million in 2021) has been granted as security for bank

debts. The useful life of assets measured as 'Right-of-use leases' is in all cases at least equal to the period of the remaining lease payments.

For further explanation of leases, see also note 9. Liabilities entered into stood at €1.9 million (€3.5 million in 2021) at year-end. Impairment is explained under 'Impairment of assets'.

\* moulds, dies, measuring and testing equipment, furniture and fittings, computer systems and vehicles.

| <b>Geographical information on the book value of tangible fixed assets and intangible fixed assets:</b> | <b>2022</b>   | <b>2021</b>   |
|---|---------------|---------------|
| The Netherlands   | 41,984        | 38,447        |
| Germany   | 242           | 239           |
| Other Europe  | 887           | 887           |
| China (including Hong Kong)   | 128           | 619           |
| North America   | 547           | 735           |
| Other countries   | 180           | 272           |
| <b>Total</b>  | <b>43,968</b> | <b>41,199</b> |



### 3. Deferred tax assets and liabilities (€ x 1,000)

|  | Deferred assets | Deferred liabilities |
|--|-----------------|----------------------|
| <b>Balance as at 31/12/2022</b>                          |                 |                      |
| Tangible fixed assets                                    | -               | 8                    |
| Intangible fixed assets                                  | -               | 306                  |
| Anniversary benefits provision                           | -               | 1                    |
| Inventories  | 684             | 160                  |
| Other  | 139             | 137                  |
| Offsettable profit/loss                                  | 950             | -                    |
|  | <hr/>           | <hr/>                |
| <b>Total before offsetting</b>                           | <b>1,773</b>    | <b>612</b>           |
| Offsetting   | -612            | -612                 |
|  | <hr/>           | <hr/>                |
| <b>Total after offsetting</b>                            | <b>1,161</b>    | <b>-</b>             |
| <br>   |                 |                      |
| Balance as at 31 December 2021 (before offsetting)       | 2,036           | 671                  |
| Offsetting   | -671            | -671                 |
|  | <hr/>           | <hr/>                |
| <b>Balance as at 31 December 2021 (after offsetting)</b> | <b>1,365</b>    | <b>-</b>             |
| Withdrawals  | -263            | -60                  |
| Additions  | -               | 1                    |
| <br>   |                 |                      |
| Balance as at 31 December 2022 (before offsetting)       | 1,773           | 612                  |
| Offsetting   | -612            | -612                 |
|  | <hr/>           | <hr/>                |
| <b>Balance as at 31 December 2022 (after offsetting)</b> | <b>1,161</b>    | <b>-</b>             |

These receivables relate to the losses brought forward and deferred taxation.

The offsettable profit/loss relates to deferred tax assets at two subsidiaries.

For the most part, these losses can be carried forward indefinitely.

At 31 December 2022, there were no temporary differences, uncompensated tax losses or unused tax credits for which no deferred tax assets had been recognised.

#### 4. Inventories (€ x 1,000)

|  | <b>2022</b>   | <b>2021</b>   |
|--|---------------|---------------|
| Raw materials and components               | 4,063         | 2,514         |
| Products in progress                       | 220           | 386           |
| Finished goods (procured and manufactured) | 24,060        | 20,566        |
| <b>Total</b>                               | <b>28,343</b> | <b>23,466</b> |

A total amount of €3.2 million (€3.0 million in 2021) of inventories has been remeasured downward to a lower realisable value. Costs of downward remeasurement, which are recognised in materials and outsourced work, amounted to €1.1 million in 2022 (€1.1 million in 2021).

#### 5. Trade and other receivables (€ x 1,000)

|  | <b>2022</b>   | <b>2021</b>   |
|--|---------------|---------------|
| Trade receivables                                    | 33,335        | 27,426        |
| Other receivables and prepayments and accrued income | 10,258        | 7,123         |
| <b>Total</b>   | <b>43,593</b> | <b>34,549</b> |

Of the trade and other receivables, €0.4 million (€0.4 million in 2021) has a term of over 1 year.

Of the trade receivables, 94% (89% in 2021) is either not yet due or in the first month after the agreed payment date.

Of the remaining 6% (11% in 2021), 4% (9% in 2021) are a maximum of 90 days overdue and 2% (2% in 2021) are over 90 days overdue.

In the case of the latter 2% of trade receivables, the receivables covered by credit insurance have been handed over to Nedap's credit insurer for collection.

| <b>Movements in provision for trade receivables that are deemed uncollectable</b> | <b>2022</b> | <b>2021</b> |
|---|-------------|-------------|
| <b>Balance at 1 January</b>   | <b>119</b>  | <b>129</b>  |
| Withdrawals   | -11         | -54         |
| Additions   | 124         | 44          |
| <b>Balance at 31 December</b>   | <b>232</b>  | <b>119</b>  |

In 2022, the average credit term for trade accounts receivable was: 6.7 weeks (6.3 weeks in 2021). Nedap has insured the credit risk in its trade receivables wherever possible, whereby nearly 90% is covered (over 80% in 2021), with a pay-out of 90% (90% in 2021).

The expected credit loss model has been applied for those receivables without credit risk insurance that have not been remeasured downward. The expected credit loss percentage is based on historical credit losses over the past 12 months.

## 6. Cash and cash equivalents (€ x 1,000)

|              | <b>2022</b>   | <b>2021</b>   |
|--------------|---------------|---------------|
| Cash         | -             | 1             |
| Banks        | 17,483        | 29,614        |
| <b>Total</b> | <b>17,483</b> | <b>29,615</b> |

Cash and cash equivalents are available on demand.

## 7. Shareholders' equity attributable to shareholders

The company's authorised share capital consists of 15,611,000 ordinary shares and 15,611,000 preference shares, all with a nominal value of €0.10 each. 6,692,920 ordinary shares have been issued and paid up.

The average number of outstanding shares in 2022 was 6,512,369 (6,482,444 in 2021).

At year-end 2022, 6,519,965 shares were in issue (6,486,501 in 2021).

At year-end, the company held 172,955 (206,419 in 2021) of its own shares that are also due to be transferred to employees under the employee participation plan.

**8. Borrowings** (€ x 1,000)

| Type of borrowing                            | Nominal interest rate | Maturity date | 2022          | 2021          |
|--|-----------------------|---------------|---------------|---------------|
| Standby Roll-Over                            | Euribor + 1.2%        | 2026          | 14,000        | 14,000        |
| <b>Balance at 31 December</b>                |                       |               | <b>14,000</b> | <b>14,000</b> |
| Repayment liabilities < 1 year               |                       |               | -             | -             |
| Repayment liabilities > 1 year and < 5 years |                       |               | 14,000        | 14,000        |
| Repayment liabilities > 5 years              |                       |               | -             | -             |

The fair value of the borrowings is not materially different from their amortised cost.

The financing agreement with the bank for the Standby Roll-Over loan will expire on 1 April 2026. Security has been provided in the form of a right of mortgage (€18.9 million, not including 40% for interest and costs) and a pledge of fixtures and fittings and trade receivables.

The agreement does not contain any covenants.

## 9. Lease liabilities (€ x 1,000)

|   | Company buildings<br>and premises | Other fixed<br>equipment | Total        |
|---|-----------------------------------|--------------------------|--------------|
| <b>Lease liabilities as at 31 December 2021</b> |                                   |                          |              |
| Current (<= 1 year)                             | 907                               | 197                      | 1,104        |
| Long-term (> 1 year)                            | 1,125                             | 192                      | 1,317        |
|   | <b>2,032</b>                      | <b>389</b>               | <b>2,421</b> |
| <b>Movements in 2022</b>                        |                                   |                          |              |
| Current (<= 1 year)                             | -186                              | 28                       | -158         |
| Long-term (> 1 year)                            | -236                              | 81                       | -155         |
|   | <b>-422</b>                       | <b>109</b>               | <b>-313</b>  |
| <b>Lease liabilities as at 31 December 2022</b> |                                   |                          |              |
| Current (<= 1 year)                             | 721                               | 225                      | 946          |
| Long-term (> 1 year)                            | 889                               | 273                      | 1,162        |
|   | <b>1,610</b>                      | <b>498</b>               | <b>2,108</b> |

The interest amounts on lease liabilities recognised as a cost in 2022 amounted to €61 (€65 in 2021).

### Recognised in the financial year

|                        |     |     |       |
|------------------------|-----|-----|-------|
| Short-term lease costs | 17  | 120 | 137   |
| Low-value lease costs  | 4   | 8   | 12    |
| Total lease payments   | 928 | 230 | 1,158 |

In some cases, Nedap has the option to extend contracts it has entered into, especially those relating to the leasing of company buildings. Extension is then subject to pre-agreed conditions. There are very few lease liabilities for which, as a result of application of IFRS 16, extension options are measured because it is reasonably certain that Nedap will exercise the option.

## 10. Employee benefits (€ x 1,000)

| <b>Anniversary benefits provision</b>  | <b>2022</b>  | <b>2021</b>  |
|--|--------------|--------------|
| Balance at 1 January   | 1,122        | 1,079        |
| Withdrawals  | -167         | -82          |
| Additions  | 49           | 125          |
| <b>Balance at 31 December</b>  | <b>1,004</b> | <b>1,122</b> |
| Measurement of the anniversary benefits provision is based on the following factors: |              |              |
| Future salary increase   | 3.5%         | 2.5%         |
| Present value factor   | 3.5%         | 0.8%         |

Estimated likelihood to stay is related to employee age and the number of years of employment at Nedap.

Of the long-term part of the provision (€911), €302 relates to the period from 2024 to 2027 (>1 year <= 5 years).

## 11. Provisions (€ x 1,000)

| <b>Guarantee provision</b>    | <b>2022</b>  | <b>2021</b>  |
|-------------------------------|--------------|--------------|
| Balance at 1 January          | 2,219        | 2,589        |
| Withdrawals                   | -991         | -931         |
| Additions                     | 575          | 561          |
| <b>Balance at 31 December</b> | <b>1,803</b> | <b>2,219</b> |

The part of the provisions with a term of under 1 year €928 (€1,160 in 2021) is recognised under short-term liabilities.

Of the long-term part of the provision, €41 relates to the period after 2028 (> 5 years).

To the extent that guarantee costs cannot be determined for individual products, the guarantee provision is made up of historic guarantee costs per product category and linked to outstanding periods during which customers can still submit guarantee claims.

The guarantee period differs per product category.

Given the short-term nature of the provisions, they were not converted into cash.

## 12. Bank overdrafts

The maximum overdraft under the facility is €25.0 million (€25.0 million in 2021).

Every year, over the period from April to September inclusive, an additional facility of €5 million will be available.

The nominal interest rate is based on the 1-month average Euribor with a variable individual markup. This facility was not used in 2022.

## 13. Trade and other payables (€ x 1,000)

|  | <b>2022</b>   | <b>2021</b>   |
|--|---------------|---------------|
| Trade payables                                     | 14,973        | 13,025        |
| Liabilities on account of investments              | 748           | 615           |
| Prepayments received                               | 1,597         | 2,170         |
| Other liabilities and accruals and deferred income | 14,801        | 13,353        |
| <b>Total</b>                                       | <b>32,119</b> | <b>29,163</b> |

An amount of €0.3 million (€0.3 million in 2021) of other liabilities and accruals and deferred income relates to payables with a term of over 1 year.

Prepayments received at year-end 2021 were recognised as revenue in 2022.

## Other information

Guarantees issued by group companies in relation to building rental were €0.4 million (€0.3 million in 2021) and other €0.1 million (€0.1 million in 2021).

At year-end 2022, Nedap does not have any multi-year financial liabilities that have not been recognised. With the implementation of IFRS 16, all long-term financial liabilities are recognised on the balance sheet.

Nedap has received claims from several parties regarding Nedap's alleged failure to meet contractual obligations. Where necessary, provisions have been made, factoring in compensation that can be claimed under insurance policies. Nedap expects these claims to have limited financial consequences for Nedap.

## Related parties

Parties related to Nedap are the Stichting Preferente Aandelen Nedap and the members of the Supervisory Board and the Board of Directors. In the financial year, an amount of €200,000 was transferred to Stichting Preferente Aandelen

Nedap without expecting any returns. There were no other transactions with related parties during the financial year except as presented in the financial statements. Transactions are performed on a commercial basis.

## 14. Revenue (€ x 1,000)

|  | <b>2022</b>    | <b>2021</b>    |
|--|----------------|----------------|
| Products, systems, and installations           | 159,576        | 148,477        |
| Software subscriptions (licences) and services | 70,983         | 58,535         |
| <b>Total</b>                                   | <b>230,559</b> | <b>207,012</b> |

Software subscriptions (licences) and services consist mainly of subscriptions and maintenance contracts provided by the Healthcare, Retail, Security Management, and Staffing Solutions business units.

| <b>Geographical sales areas</b> | <b>2022</b>    | <b>2021</b>    |
|---------------------------------|----------------|----------------|
| The Netherlands                 | 81,532         | 71,815         |
| Germany                         | 26,934         | 26,773         |
| Other Europe                    | 58,227         | 56,051         |
| North America                   | 34,514         | 25,110         |
| Other countries                 | 29,352         | 27,263         |
| <b>Total</b>                    | <b>230,559</b> | <b>207,012</b> |

No customer represents sales in excess of 10% of total revenue.



## 15. Personnel costs (€ x 1,000)

|                       | 2022          | 2021          |
|-----------------------|---------------|---------------|
| Wages and salaries    | 62,974        | 57,125        |
| Social security costs | 7,866         | 6,299         |
| Pension costs         | 2,660         | 3,800         |
| Insourced staff       | 13,732        | 12,389        |
| Other personnel costs | 4,815         | 3,704         |
| <b>Total</b>          | <b>92,047</b> | <b>83,317</b> |

Social security costs include a subsidy of €-959 (€-1,020 in 2021).

Pension costs include a refund of pension premiums paid amounting to €-1,464. This concerns Nedap's share in the profit from premiums paid for life and disability insurance that has meanwhile expired, less claims made on these policies.

The costs of share-based remuneration, recognised in accordance with IFRS 2, amount to €402 (€394 in 2021) and consist of:

- a 10% purchase discount that is charged to the result for the financial year in full.
- costs of bonus depositary receipts are charged to the profit and loss account over a period of 5 years.
- the fair value (in euros) of bonus and NAPP depositary receipts awarded in the financial year is €53.54 (€51.14 in 2021).
- costs of remuneration that must be invested in depositary receipts in full (€1,354 NAPP; €1,841 in 2021).

Costs for which a purchase discount and bonus depositary receipts are recognised under other personnel costs, while other costs are recognised as wages and salaries. Of these costs, an amount of €185 is related to the 2022 financial year (€198 in 2021).

The part of the remuneration payable under the NAPP and employee participation plan that is settled through the legal entity's equity instruments has been added to the share-based remuneration reserve. For two subsidiaries, it is not possible to deliver this remuneration in the form of depositary receipts.

For these entities, share-based remuneration will be settled using cash and cash equivalents. This liability has been recognised at fair value under Trade liabilities and other payables.

| Average number of employees | 2022       | 2021       |
|-----------------------------|------------|------------|
| The Netherlands             | 754        | 706        |
| Other Europe                | 42         | 38         |
| Asia                        | 35         | 34         |
| North America               | 37         | 34         |
| <b>Total</b>                | <b>868</b> | <b>812</b> |

**Director remuneration (€ x 1,000)**

|                   | Basic income | Variable remuneration | Benefits of Employee participation plan | Pension costs | Total        |
|-------------------|--------------|-----------------------|---|---------------|--------------|
| <b>2022</b>       |              |                       |   |               |              |
| R. M. Wegman      | 441          | 282                   | 48                                      | 96            | 867          |
| D. van der Sluijs | 314          | 200                   | 20                                      | 52            | 586          |
| R. Schuurman      | 278          | 175                   | 18                                      | 49            | 520          |
| <b>Total</b>      | <b>1,033</b> | <b>657</b>            | <b>86</b>                               | <b>197</b>    | <b>1,973</b> |
| <b>2021</b>       |              |                       |   |               |              |
| R. M. Wegman      | 427          | 314                   | 53                                      | 85            | 879          |
| D. van der Sluijs | 304          | 222                   | 20                                      | 42            | 588          |
| <b>Totaal</b>     | <b>731</b>   | <b>536</b>            | <b>73</b>                               | <b>127</b>    | <b>1.467</b> |

Mr R. Schuurman joined the Board of Directors on 1 January 2022.

The Board of Directors is required to invest at least 50% of their variable remuneration in the Stichting Medewerkerparticipatie Nedap in exchange for Nedap depositary receipts. The depositary receipts are locked up for a period of five years.

The benefits offered by the Employee Participation Plan are the 10% purchase discount on the depositary receipts and entitlement to bonus depositary receipts (after 4 years).

The members of the Board of Directors have used their variable remuneration for the financial year as follows for the purchase of depositary receipts:

|                   | <b>2022</b> | <b>2021</b> |
|-------------------|-------------|-------------|
| R. M. Wegman      | 100%        | 100%        |
| D. van der Sluijs | 100%        | 75%         |
| R. Schuurman      | 100%        | -           |

### Shares and depositary receipts (items x 1)

|                   | <b>Shares and<br/>depositary<br/>receipts held at<br/>year-end</b> | <b>Bonus deposi-<br/>tary receipts<br/>not yet awarded<br/>at year-end</b> |
|-------------------|--|--|
| <b>2022</b>       |  |  |
| R. M. Wegman      | 44,436   | 3,100  |
| D. van der Sluijs | 2,579  | 645  |
| R. Schuurman      | 4,864  | 636  |
| <b>Total</b>      | <b>51,879</b>  | <b>4,381</b>   |
| <b>2021</b>       |  |  |
| R. M. Wegman      | 40,753   | 3,262  |
| D. van der Sluijs | 1,088  | 272  |
| <b>Total</b>      | <b>41,841</b>  | <b>3,534</b>   |

Nedap has not granted the Supervisory Board any rights to acquire Nedap depositary receipts.

The company has not granted the Board of Directors or Supervisory Board members any loans or guarantees.

Further details of the remuneration policy are provided in the Corporate Governance chapter of this report.

**Supervisory Board remuneration (€ x 1,000)**

|                      | <b>2022</b> | <b>2021</b> |
|----------------------|-------------|-------------|
| P. A. M. van Bommel  | 47          | 21          |
| J. M. L. van Engelen | 40          | 40          |
| G. F. Kolff          | 14          | 50          |
| M. Pijnenborg        | 40          | 40          |
| M. A. Scheltema      | 40          | 40          |
| <b>Total</b>         | <b>181</b>  | <b>191</b>  |

**16. Amortisation (€ x 1,000)**

|                     | <b>2022</b> | <b>2021</b>  |
|---------------------|-------------|--------------|
| Development costs   | 550         | 736          |
| Software & licences | 263         | 303          |
| <b>Total</b>        | <b>813</b>  | <b>1,039</b> |

## 17. Depreciation (€ x 1,000)

|                             | 2022         | 2021         |
|-----------------------------|--------------|--------------|
| Company buildings           | 1,759        | 1,556        |
| Machinery and installations | 774          | 796          |
| Other fixed equipment       | 5,211        | 4,956        |
| Right-of-use leases         | 1,111        | 1,142        |
| <b>Total</b>                | <b>8,855</b> | <b>8,450</b> |

## 18. Impairment of assets (€ x 1,000)

|                             | 2022     | 2021       |
|-----------------------------|----------|------------|
| <b>Impairment of assets</b> | <b>-</b> | <b>653</b> |

There were no impairments of assets in 2022. In 2021, impairments concerned Nedap Iberia's building held for sale in Spain (€125), tangible fixed assets on account of the phase-out of propositions (Luxon and

SENSIT), and a reassessment of desired products in the Security Management business unit's portfolio of propositions.

## 19. Other operating costs (€ x 1,000)

Other operating costs includes general, accommodation, indirect manufacturing, and selling costs.

## 20. Taxation (€ x 1,000)

|                               | <b>2022</b>   | <b>2021</b>   |
|-------------------------------|---------------|---------------|
| <b>Profit before taxation</b> | <b>23,460</b> | <b>22,751</b> |
| Income tax                    | 4,559         | 4,841         |
| Deferred income tax           | 197           | -374          |
| <b>Total income tax</b>       | <b>4,756</b>  | <b>4,467</b>  |

Reconciliation of effective tax rate:

|  | <b>2022</b>  |              | <b>2021</b>  |              |
|--|--------------|--------------|--------------|--------------|
| Income tax based on Dutch tax rate             | 6,053        | 25.8%        | 5,688        | 25.0%        |
| Change in domestic tax rate                    | -43          | -0.2%        | -35          | -0.2%        |
| Effect of tax rate for non-resident associates | -20          | -0.1%        | 91           | 0.4%         |
| Non-deductible expenditures                    | 352          | 1.5%         | 384          | 1.7%         |
| Tax incentive schemes                          | -1,611       | -6.8%        | -1,659       | -7.3%        |
| Rate change for deferred taxation              | 87           | 0.4%         | -            | 0.0%         |
| Prior-year adjustment                          | -62          | -0.3%        | -2           | 0.0%         |
| <b>Total</b>                                   | <b>4,756</b> | <b>20.3%</b> | <b>4,467</b> | <b>19.6%</b> |

The change in the domestic tax rate is caused by a tax rate of 15.0% on the first €395 of taxable profit (15.0% on the first €245 of taxable profit in 2021).

The net tax rate for associates outside the Netherlands is lower than the nominal rate in the Netherlands, which leads to a 0.1% decrease in the effective tax rate.

Non-deductible expenditures are largely costs relating to share-based remuneration.

Besides a small amount for the Energie/Milieu Investerings Aftrek (EIA/MIA, Energy/Environmental Investment Tax Credit) (€7 (€-13 in 2021)), tax incentive schemes consist of benefits ensuing from application of the Innovation Box tax regime (€-1,604 (€-1,646 in 2021)).

From 2022, deferred tax assets and liabilities are measured at the weighted average rate, factoring in any arrangements under the Innovation Box tax regime. This is based on the fiscal EBIT from 2022, where it used be based on the commercial EBIT, which has resulted in a downward remeasurement of deferred taxation.

Net income tax payable for 2021 has been paid. The difference between income tax paid of €3,983 in the statement of cash flows and the payable amount of €4,756 is made up of advances paid in 2021 and previous years, as well as advances paid in 2022 on the profit expected for the financial year.

In 2020, the Dutch tax authorities communicated their opinion that the current transfer pricing method should also have been applied at Nedap Asia Ltd. in 2014 and 2015. According to the Dutch tax authorities, profits generated in Hong Kong should have largely been taxed in the Netherlands, prompting them to issue revised tax assessments for 2014 and 2015. Nedap has filed an objection to these tax assessments. In both 2021 and 2022, Nedap held talks with the tax authorities on several occasions to discuss this case, while also submitting additional supporting information to them. Despite this additional information and the talks held, the tax authorities stands by their view that the revised tax assessments were

issued rightly. This prompted Nedap in 2022 to submit a formal request to launch a mutual agreement procedure (MAP) between the Netherlands and Hong Kong to assess where taxes are payable.

Nedap is currently awaiting an assessment of this request and a response to it from the tax authorities. Nedap believes that the most likely outcome is that there will be no disbursement of resources from the organisation. Any possible net payments are expected to be limited to interest on overdue tax, as there is a current tax treaty to avoid double taxation between both states and based on the fact that the effective corporate income tax rate in the Netherlands is virtually identical to that used in Hong Kong. These costs, which will amount to between €0.2 million and €0.3 million if the tax authorities turns out to be right, have not been taken into consideration in the results for 2022.

## 21. Financing liabilities (€ x 1,000)

|   | 2022         | 2021          |
|---|--------------|---------------|
| Cash and cash equivalents                       | 17,483       | 29,615        |
| Short-term borrowings including bank overdrafts | -            | -             |
| Long-term borrowings                            | -14,000      | -14,000       |
| Lease liabilities                               | -2,108       | -2,421        |
| <b>Net financing position</b>                   | <b>1,375</b> | <b>13,194</b> |
| Cash and cash equivalents                       | 17,483       | 29,615        |
| Fixed-interest borrowings                       | -            | -             |
| Variable-interest borrowings                    | -14,000      | -14,000       |
| Lease liabilities                               | -2,108       | -2,421        |
| <b>Net financing position</b>                   | <b>1,375</b> | <b>13,194</b> |

The long-term loan has a variable rate of interest.

**22. Liquidity risk (€ x 1,000)**

| <b>Contractual term of financial liabilities</b> | <b>&lt; 1 year</b> | <b>&gt;= 1 year and &lt; 2 years</b> | <b>&gt;= 2 years and &lt; 5 years</b> | <b>&gt;= 5 years</b> | <b>Total</b>  |
|--|--------------------|--------------------------------------|---------------------------------------|----------------------|---------------|
| Year-end 2022:                                   |                    |                                      |                                       |                      |               |
| <b>Non-derivatives</b>                           |                    |                                      |                                       |                      |               |
| Trade and other payables                         | 32,119             | -                                    | -                                     | -                    | 32,119        |
| Lease liabilities                                | 946                | 725                                  | 437                                   | -                    | 2,108         |
| Borrowings                                       | -                  | -                                    | 14,000                                | -                    | 14,000        |
| <b>Total non-derivatives</b>                     | <b>33,065</b>      | <b>725</b>                           | <b>14,437</b>                         | <b>-</b>             | <b>48,227</b> |
| Year-end 2021:                                   |                    |                                      |                                       |                      |               |
| <b>Non-derivatives</b>                           |                    |                                      |                                       |                      |               |
| Trade and other payables                         | 29,163             | -                                    | -                                     | -                    | 29,163        |
| Lease liabilities                                | 1,104              | 709                                  | 608                                   | -                    | 2,421         |
| Borrowings                                       | -                  | -                                    | 14,000                                | -                    | 14,000        |
| <b>Total non-derivatives</b>                     | <b>30,267</b>      | <b>709</b>                           | <b>14,608</b>                         | <b>-</b>             | <b>45,584</b> |



## Other information

| <b>Research and development costs</b> (€ x 1,000) | <b>2022</b>   | <b>2021</b>   |
|---|---------------|---------------|
| Personnel and other operating costs               | 42,348        | 37,528        |
| Amortisation                                      | 550           | 736           |
| Capitalised costs                                 | -1,520        | -512          |
| Subsidies   | -959          | -1,020        |
| <b>Total</b>                                      | <b>40,419</b> | <b>36,732</b> |

Subsidies relate mainly to tax rebates under the Dutch Research and Development (Promotion) Act (Wbso) on account of R&D activities. Research and development costs mostly relate to maintaining and further developing

current products and services. The remaining costs are for research and development in relation to new products or services. Such development costs are only capitalised if the applicable IAS 38 criteria are met.

| <b>Stichting Medewerkerparticipatie Nedap shareholding</b> (items x 1) | <b>2022</b>    | <b>2021</b>    |
|--|----------------|----------------|
| Balance as at 1 January  | 191,919        | 181,237        |
| Additions during the year  | 28,486         | 15,011         |
| Bonus shares received  | 4,978          | 3,147          |
| Withdrawn during the year  | -31,818        | -7,476         |
| <b>Balance as at 31 December</b>                                       | <b>193,565</b> | <b>191,919</b> |

Shares purchased over the period from 2019 to 2022 are still locked up. Of the 193,565 shares held, 90,895 are still in the locked-up period. The 90,895 locked-up depositary receipts entitle holders to 15,597 bonus depositary receipts (17,068 in 2021).

In 2022, 4,978 bonus depositary receipts were awarded (3,147 in 2021), 398 contingent bonus depositary receipts expired (275 in 2021), and 3,905 contingent bonus depositary receipts were awarded (3,744 in 2021), resulting in 15,597 potentially awardable bonus depositary receipts at year-end 2022 (17,068 in 2021). Stichting Medewerkerparticipatie holds approx. 2.9% of the total issued share capital.

CONSOLIDATED FINANCIAL STATEMENTS

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| <b>Profit appropriation (€ x 1,000)</b>             | <b>2022</b>   | <b>2021</b>   |
|---|---------------|---------------|
| Shareholder profit                                  | 18,704        | 18,284        |
| Addition to (-)/ withdrawal from (+) other reserves | 856           | 1,176         |
| <b>Dividend payable on ordinary shares</b>          | <b>19,560</b> | <b>19,460</b> |

## 6.2 Company financial statements

### Balance sheet of Nedap N.V. at 31 December (€ x 1,000)

| <b>Assets</b>               | <b>Note</b> | <b>2022</b>    | <b>2021</b>    |
|-----------------------------|-------------|----------------|----------------|
| <b>Fixed assets</b>         |             |                |                |
| Intangible fixed assets     | 1           | 2,839          | 1,672          |
| Tangible fixed assets       | 2           | 39,264         | 36,852         |
| Financial fixed assets      | 3           | 10,687         | 8,398          |
|                             |             | <b>52,790</b>  | <b>46,922</b>  |
| <b>Current assets</b>       |             |                |                |
| Inventories                 | 4           | 21,727         | 17,372         |
| Trade and other receivables | 5           | 41,281         | 33,411         |
| Cash and cash equivalents   | 6           | 12,887         | 28,258         |
|                             |             | <b>75,895</b>  | <b>79,041</b>  |
|                             |             | <b>128,685</b> | <b>125,963</b> |

COMPANY FINANCIAL STATEMENTS

| <b>Liabilities</b>               | <b>Note</b> | <b>2022</b>    | <b>2021</b>    |
|----------------------------------|-------------|----------------|----------------|
| <b>Shareholders' equity</b>      | 7           |                |                |
| Share capital                    |             | 669            | 669            |
| Statutory reserves               |             | 1,739          | 1,316          |
| Other reserves                   |             | 60,082         | 60,037         |
|                                  |             | <b>62,490</b>  | <b>62,022</b>  |
| <b>Profit for financial year</b> |             | <b>18,704</b>  | <b>18,284</b>  |
|                                  |             | <b>81,194</b>  | <b>80,306</b>  |
| <b>Your obligations</b>          |             |                |                |
| Provisions                       | 8           | 2,807          | 3,339          |
| Non-current liabilities          | 9           | 14,320         | 14,155         |
| Current liabilities              | 10          | 30,364         | 28,163         |
| <b>Total liabilities</b>         |             | <b>47,491</b>  | <b>45,657</b>  |
|                                  |             | <b>128,685</b> | <b>125,963</b> |

## Statement of profit or loss of Nedap N.V. (€ x 1,000)

|  | Note | 2022            | 2021            |
|--|------|-----------------|-----------------|
| <b>Revenue</b>   | 11   | <b>212,682</b>  | <b>191,008</b>  |
| Cost of materials and outsourced work                      |      | -71,235         | -59,794         |
| Inventory movements of finished goods and work in progress |      | 2,805           | -900            |
| Personnel costs  | 12   | -79,173         | -72,732         |
| Amortisation   | 13   | -686            | -903            |
| Depreciation   | 14   | -7,778          | -7,308          |
| Impairment of assets                                       | 15   | -               | -528            |
| Other operating costs                                      | 16   | -35,667         | -26,940         |
| <b>Operating costs</b>                                     |      | <b>-191,734</b> | <b>-169,105</b> |
| <b>Operating profit</b>                                    |      | <b>20,948</b>   | <b>21,903</b>   |
| Financing income   |      | -               | 7               |
| Financing costs  |      | -278            | -258            |
| <b>Net financing costs</b>                                 |      | <b>-278</b>     | <b>-251</b>     |
| <b>Profit before taxation</b>                              |      | <b>20,670</b>   | <b>21,652</b>   |
| Taxation   | 17   | -4,074          | -4,114          |
| <b>Profit for the financial year</b>                       |      | <b>16,596</b>   | <b>17,538</b>   |
| Profit/loss from participations after taxation             |      | 2,108           | 746             |
| <b>Result attributable to shareholders of Nedap N.V.</b>   |      | <b>18,704</b>   | <b>18,284</b>   |

### **Accounting policies**

Pursuant to Article 362(8), Book 2 of the Dutch Civil Code, use is made of the option to use Title 9 of Book 2 of the Dutch Civil Code for the company financial statements and apply the accounting policies of the consolidated financial statements. This ensures reconciliation of consolidated and separate shareholders' equity.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Please see the notes on the accounting policies for the consolidated financial statements for a description of the accounting policies relating to these standards.

Financial fixed assets include the Nedap group's subsidiaries and participations where significant influence can be exercised over the commercial and financial policy. Subsidiaries are presented as per the net asset value method, using the accounting policies of the consolidated financial statements.

## 1. Intangible fixed assets (€ x 1,000)

|                                    | Capitalised<br>development costs | Software<br>& licences | In progress and<br>prepayments | Total intangible<br>fixed assets |
|------------------------------------|----------------------------------|------------------------|--------------------------------|----------------------------------|
| <b>Year-end 2020</b>               |                                  |                        |                                |                                  |
| Purchase price                     | 4,334                            | 840                    | -                              | 5,174                            |
| Amortisation including impairments | -2,878                           | -354                   | -                              | -3,232                           |
| <b>Book value</b>                  | <b>1,456</b>                     | <b>486</b>             | <b>-</b>                       | <b>1,942</b>                     |
| <b>Movements in 2021*</b>          |                                  |                        |                                |                                  |
| Investment                         | 163                              | 200                    | 349                            | 712                              |
| Disposal (on balance)              | -                                | -79                    | -                              | -79                              |
| Amortisation                       | -736                             | -167                   | -                              | -903                             |
| <b>Net movements</b>               | <b>-573</b>                      | <b>-46</b>             | <b>349</b>                     | <b>-270</b>                      |
| <b>Year-end 2021</b>               |                                  |                        |                                |                                  |
| Purchase price                     | 4,497                            | 839                    | 349                            | 5,685                            |
| Amortisation including impairments | -3,614                           | -399                   | -                              | -4,013                           |
| <b>Book value</b>                  | <b>883</b>                       | <b>440</b>             | <b>349</b>                     | <b>1,672</b>                     |
| <b>Movements in 2022</b>           |                                  |                        |                                |                                  |
| Investment                         | 83                               | 97                     | 1,673                          | 1,853                            |
| Amortisation                       | -550                             | -136                   | -                              | -686                             |
| <b>Net movements</b>               | <b>-467</b>                      | <b>-39</b>             | <b>1,673</b>                   | <b>1,167</b>                     |
| <b>Year-end 2022</b>               |                                  |                        |                                |                                  |
| Purchase price                     | 3,904                            | 933                    | 2,022                          | 6,859                            |
| Amortisation including impairments | -3,488                           | -532                   | -                              | -4,020                           |
| <b>Book value</b>                  | <b>416</b>                       | <b>401</b>             | <b>2,022</b>                   | <b>2,839</b>                     |

\* In the 2022 reporting year, a development project that was still in progress at year-end 2022 was reclassified as 'in progress' as at year-end 2021. Intangible fixed assets in progress and prepayments includes a €915 investment relating to intangible fixed assets developed in-house.

## 2. Tangible fixed assets (€ x 1,000)

|                                    | Company<br>buildings and<br>premises | Machinery and<br>installations | Other*<br>fixed<br>assets | In progress<br>and<br>pre-payments | Right-of-use<br>leases | Total<br>tangible<br>fixed assets |
|------------------------------------|--------------------------------------|--------------------------------|---------------------------|------------------------------------|------------------------|-----------------------------------|
| <b>Year-end 2020</b>               |                                      |                                |                           |                                    |                        |                                   |
| Purchase price                     | 37,727                               | 20,356                         | 33,103                    | 2,114                              | 1,089                  | 94,389                            |
| Depreciation including impairments | -22,117                              | -16,035                        | -20,120                   | -                                  | -440                   | -58,712                           |
| <b>Book value</b>                  | <b>15,610</b>                        | <b>4,321</b>                   | <b>12,983</b>             | <b>2,114</b>                       | <b>649</b>             | <b>35,677</b>                     |
| <b>Movements in 2021</b>           |                                      |                                |                           |                                    |                        |                                   |
| Investment                         | 3,208                                | 313                            | 3,134                     | 2,333                              | 187                    | 9,175                             |
| Completed assets in progress       | -                                    | -                              | 2,114                     | -2114                              | -                      | -                                 |
| Disposal (on balance)              | -                                    | -                              | -110                      | -                                  | -54                    | -164                              |
| Depreciation                       | -1556                                | -796                           | -4624                     | -                                  | -332                   | -7308                             |
| Impairments                        | -                                    | -                              | -274                      | -254                               | -                      | -528                              |
| <b>Net movements</b>               | <b>1,652</b>                         | <b>-483</b>                    | <b>240</b>                | <b>-35</b>                         | <b>-199</b>            | <b>1,175</b>                      |
| <b>Year-end 2021</b>               |                                      |                                |                           |                                    |                        |                                   |
| Purchase price                     | 40,104                               | 20,246                         | 35,933                    | 2,333                              | 1,055                  | 99,671                            |
| Depreciation including impairments | -22,842                              | -16,408                        | -22,710                   | -254                               | -605                   | -62,819                           |
| <b>Book value</b>                  | <b>17,262</b>                        | <b>3,838</b>                   | <b>13,223</b>             | <b>2,079</b>                       | <b>450</b>             | <b>36,852</b>                     |

\* moulds, dies, measuring and testing equipment, furniture and fittings, computer systems and vehicles.



## 2. Tangible fixed assets (€ x 1,000)

|                                    | Company<br>buildings and<br>premises | Machinery and<br>installations | Other*<br>fixed<br>assets | In progress<br>and<br>pre-payments | Right-of-use<br>leases | Total<br>tangible<br>fixed assets |
|------------------------------------|--------------------------------------|--------------------------------|---------------------------|------------------------------------|------------------------|-----------------------------------|
| <b>Movements in 2022</b>           |                                      |                                |                           |                                    |                        |                                   |
| Investment                         | 2,509                                | 2,247                          | 3,919                     | 1,159                              | 432                    | 10,266                            |
| Completed assets in progress       | -                                    | -                              | 2,079                     | -2,079                             | -                      | -                                 |
| Disposal (on balance)              | -11                                  | -5                             | -52                       | -                                  | -8                     | -76                               |
| Depreciation                       | -1,759                               | -774                           | -4,944                    | -                                  | -301                   | -7,778                            |
| Impairments                        | -                                    | -                              | -                         | -                                  | -                      | -                                 |
| <b>Net movements</b>               | <b>739</b>                           | <b>1,468</b>                   | <b>1,002</b>              | <b>-920</b>                        | <b>123</b>             | <b>2,412</b>                      |
| <b>Year-end 2022</b>               |                                      |                                |                           |                                    |                        |                                   |
| Purchase price                     | 41,871                               | 18,958                         | 39,960                    | 1,159                              | 1,390                  | 103,338                           |
| Depreciation including impairments | -23,870                              | -13,652                        | -25,735                   | -                                  | -817                   | -64,074                           |
| <b>Book value</b>                  | <b>18,001</b>                        | <b>5,306</b>                   | <b>14,225</b>             | <b>1,159</b>                       | <b>573</b>             | <b>39,264</b>                     |

Tangible fixed assets are insured at new-for-old value.

A right of mortgage on immovable property amounting to €18.9 million (€18.9 million in 2021) has been granted as security for bank debts.

Liabilities entered into at the end of the financial year were €1.8 million (€3.5 million in 2021).

Impairment is explained under 'Impairment of assets'.

\* moulds, dies, measuring and testing equipment, furniture and fittings, computer systems and vehicles.

### 3. Financial fixed assets (€ x 1,000)

| <b>Participations in group companies</b>                     | <b>2022</b>   | <b>2021</b>  |
|--|---------------|--------------|
| Value as at 1 January  | 8,398         | 7,696        |
| Profit   | 2,108         | 746          |
| Dividend payment   | -             | -500         |
| Movement in current account relationships for participations | -             | -            |
| Exchange differences   | 140           | 442          |
| Sale of participation  | -             | -            |
| Investment   | -             | 1            |
| Other changes  | 41            | 13           |
| <b>Value as at 31 December</b>                               | <b>10,687</b> | <b>8,398</b> |
| New borrowings issued to participations                      | -             | -            |
| Repayments of borrowings by participations                   | -             | -            |
| <b>Total value at 31 December</b>                            | <b>10,687</b> | <b>8,398</b> |

No borrowings were issued to participations in group companies at year-end 2022 (€- in 2021).

The dividend payout in 2021 is a payment from Nedap Iberia S.A.U. to Nedap N.V.

#### 4. Inventories (€ x 1,000)

|  | 2022          | 2021          |
|--|---------------|---------------|
| Raw materials and components               | 4,063         | 2,514         |
| Products in progress                       | 220           | 386           |
| Finished goods (procured and manufactured) | 17,444        | 14,472        |
| <b>Total</b>                               | <b>21,727</b> | <b>17,372</b> |

An amount of €2.5 million (€2.6 million in 2021) of inventories has been remeasured downward to a lower realisable value.

Costs of downward remeasurement, which are recognised in materials and outsourced work, amounted to €0.8 million in 2022 (€0.8 million in 2021).

#### 5. Trade and other receivables (€ x 1,000)

|  | 2022          | 2021          |
|--|---------------|---------------|
| Trade receivables                                    | 27,752        | 22,102        |
| Receivables from participations                      | 4,115         | 4,461         |
| Deferred tax assets                                  | 211           | 317           |
| Other receivables and prepayments and accrued income | 9,203         | 6,531         |
| <b>Total</b>   | <b>41,281</b> | <b>33,411</b> |

**Deferred tax assets and liabilities (€ x 1,000)**

|  | Deferred<br>receivables | Deferred<br>liabilities |
|--|-------------------------|-------------------------|
| <b>Balance as at 31 December 2022</b>                    |                         |                         |
| Tangible fixed assets                                    | -                       | 8                       |
| Intangible fixed assets                                  | -                       | 306                     |
| Anniversary benefits provision                           | -                       | 1                       |
| Inventories  | 684                     | 160                     |
| Other  | 139                     | 137                     |
| <b>Total before offsetting</b>                           | <b>823</b>              | <b>612</b>              |
| Offsetting   | -612                    | -612                    |
| <b>Total after offsetting</b>                            | <b>211</b>              | <b>-</b>                |
| Balance as at 31 December 2021 (before offsetting)       | 988                     | 671                     |
| Offsetting   | -671                    | -671                    |
| <b>Balance as at 31 December 2021 (after offsetting)</b> | <b>317</b>              | <b>-</b>                |
| Withdrawals  | -165                    | -60                     |
| Additions  | -                       | 1                       |
| Balance as at 31 December 2022 (before offsetting)       | 823                     | 612                     |
| Offsetting   | -612                    | -612                    |
| <b>Balance as at 31 December 2022 (after offsetting)</b> | <b>211</b>              | <b>-</b>                |

## 6. Cash and cash equivalents (€ x 1,000)

|              | 2022          | 2021          |
|--------------|---------------|---------------|
| Cash         | -             | 1             |
| Banks        | 12,887        | 28,257        |
| <b>Total</b> | <b>12,887</b> | <b>28,258</b> |

Cash and cash equivalents are available on demand.

## 7. Shareholders' equity

Please see the consolidated statement of changes in shareholders' equity for the 'statement of changes in shareholders' equity'.

## 8. Provisions (€ x 1,000)

|                     | 2022         | 2021         |
|---------------------|--------------|--------------|
| Employee benefits   | 1,004        | 1,122        |
| Guarantee provision | 1,803        | 2,217        |
| <b>Total</b>        | <b>2,807</b> | <b>3,339</b> |

| <b>Employee benefits</b>              | <b>2022</b>  | <b>2021</b>  |
|---------------------------------------|--------------|--------------|
| <b>Anniversary benefits provision</b> |              |              |
| Balance at 1 January                  | 1,122        | 1,079        |
| Withdrawals                           | -167         | -82          |
| Additions                             | 49           | 125          |
| <b>Balance at 31 December</b>         | <b>1,004</b> | <b>1,122</b> |

The anniversary benefits provision has a predominantly long-term nature.  
Please refer to the consolidated financial statements for the assumptions.

| <b>Guarantee provision</b>    | <b>2022</b>  | <b>2021</b>  |
|-------------------------------|--------------|--------------|
| Balance at 1 January          | 2,217        | 2,585        |
| Withdrawals                   | -869         | -805         |
| Additions                     | 455          | 437          |
| <b>Balance at 31 December</b> | <b>1,803</b> | <b>2,217</b> |

An amount of €0.9 million (€1.2 million in 2021) of the guarantee provision is of a short-term nature.

## 9. Non-current liabilities (€ x 1,000)

|                          | 2022          | 2021          |
|--------------------------|---------------|---------------|
| Borrowings               | 14,000        | 14,000        |
| Deferred tax liabilities | -             | -             |
| Lease liabilities        | 320           | 155           |
| <b>Total</b>             | <b>14,320</b> | <b>14,155</b> |

## Borrowings

The financing agreement with the bank for the Standby roll-over loan will expire on 1 April 2026. Security has been provided in the form of a right of mortgage (€18.9 million, not including 40% for interest and costs) and

a pledge of fixtures and fittings and trade receivables. The agreement does not contain any covenants. The interest rate is Euribor plus 1.2%

## 10. Current liabilities (€ x 1,000)

|   | 2022          | 2021          |
|---|---------------|---------------|
| Bank overdrafts   | -             | -             |
| Lease liabilities   | 260           | 302           |
| Taxation and social security contributions                            | 1,852         | 1,862         |
| Trade payables and other liabilities and accruals and deferred income | 28,252        | 25,999        |
| <b>Total</b>  | <b>30,364</b> | <b>28,163</b> |

### Bank overdrafts

The maximum overdraft under the facility is €25 million (€25 million in 2021).

Every year, over the period from April to September inclusive, an additional facility of €5 million will be available.

| Trade and other payables                           | 2022          | 2021          |
|--|---------------|---------------|
| Trade payables                                     | 14,145        | 12,368        |
| Liabilities on account of investments              | 748           | 615           |
| Prepayments  | 1,150         | 1,838         |
| Other liabilities and accruals and deferred income | 12,209        | 11,178        |
| <b>Total</b>                                       | <b>28,252</b> | <b>25,999</b> |

An amount of €0.1 million (€0.2 million in 2021) of other liabilities and accruals and deferred income relates to payables with a term of over 1 year.

### Other information

#### Off-balance sheet rights and commitments

For corporate income tax purposes, Nedap N.V. forms a fiscal entity with Nedap Beveiligingstechniek B.V.

All companies are jointly and severally liable for payment of income tax due. The tax positions are settled between the companies through the current account.

A number of subsidiaries depend on Nedap N.V. continuing to make financing available. Nedap N.V. has, therefore, issued Letters of Support for Nedap Asia Ltd and Nedap Great Britain Ltd., confirming that repayment of the financing will not be claimed and the supply of financing will continue to be guaranteed.



## 11. Revenue (€ x 1,000)

|  | 2022           | 2021           |
|--|----------------|----------------|
| Products, systems, and installations           | 143,292        | 133,120        |
| Software subscriptions (licences) and services | 69,390         | 57,888         |
| <b>Total</b>                                   | <b>212,682</b> | <b>191,008</b> |

Software subscriptions (licences) and services consist mainly of subscriptions and maintenance contracts for Health-care, Retail, Security Management, and Staffing Solutions.

| Geographical sales areas | 2022           | 2021           |
|--------------------------|----------------|----------------|
| The Netherlands          | 80,209         | 70,406         |
| Germany                  | 26,565         | 26,368         |
| Other Europe             | 54,536         | 52,359         |
| North America            | 30,017         | 21,471         |
| Other countries          | 21,355         | 20,404         |
| <b>Total</b>             | <b>212,682</b> | <b>191,008</b> |

No customer represents sales in excess of 10% of total revenue.

**12. Personnel costs (€ x 1,000)**

|                           | <b>2022</b>   | <b>2021</b>   |
|---------------------------|---------------|---------------|
| Wages and salaries        | 53,461        | 49,140        |
| Social security costs     | 6,434         | 5,300         |
| Pension costs             | 2,500         | 3,656         |
| Recharged to subsidiaries | -462          | -450          |
| Insourced staff           | 12,822        | 11,837        |
| Other personnel costs     | 4,418         | 3,249         |
| <b>Total</b>              | <b>79,173</b> | <b>72,732</b> |

Pension costs include a refund of pension premiums paid amounting to €-1,464. This concerns Nedap's share in the profit from premiums paid for life and disability insurance that has meanwhile expired, less claims made on these policies.

| <b>Average number of employees</b> | <b>2022</b> | <b>2021</b> |
|------------------------------------|-------------|-------------|
| The Netherlands                    | 748         | 700         |
| Other Europe                       | 7           | 7           |
| <b>Total</b>                       | <b>755</b>  | <b>707</b>  |

### 13. Amortisation (€ x 1,000)

|                     | 2022       | 2021       |
|---------------------|------------|------------|
| Development costs   | 550        | 736        |
| Software & licences | 136        | 167        |
| <b>Total</b>        | <b>686</b> | <b>903</b> |

### 14. Depreciation (€ x 1,000)

|                             | 2022         | 2021         |
|-----------------------------|--------------|--------------|
| Company buildings           | 1,759        | 1,556        |
| Machinery and installations | 774          | 796          |
| Other fixed equipment       | 4,944        | 4,624        |
| Right-of-use leases         | 301          | 332          |
| <b>Total</b>                | <b>7,778</b> | <b>7,308</b> |

### 15. Impairment of assets (€ x 1,000)

|                             | 2022 | 2021 |
|-----------------------------|------|------|
| <b>Impairment of assets</b> | -    | 528  |

The impairment of assets relates to impairment costs of tangible fixed assets.

### 16. Other operating costs (€ x 1,000)

Other operating costs includes general, accommodation, indirect manufacturing, and selling costs.

## 17. Taxation (€ x 1,000)

|   | 2022          |              | 2021          |              |
|---|---------------|--------------|---------------|--------------|
| <b>Profit before taxation, excluding associates</b> | <b>20,670</b> |              | <b>21,652</b> |              |
| Income tax  | 3,969         |              | 4,450         |              |
| Deferred income tax                                 | 105           |              | -336          |              |
| <b>Total income tax</b>                             | <b>4,074</b>  |              | <b>4,114</b>  |              |
| Reconciliation of effective tax rate                |               |              |               |              |
|   | 2022          |              | 2021          |              |
| Income tax based on Dutch tax rate                  | 5,333         | 25.8%        | 5,413         | 25.0%        |
| Change in domestic tax rate                         | -43           | -0.2%        | -35           | -0.2%        |
| Effect of tax rate for foreign branch               | 18            | 0.1%         | 13            | 0.1%         |
| Non-deductible expenditures                         | 352           | 1.7%         | 384           | 1.8%         |
| Tax incentive schemes                               | -1,611        | -7.8%        | -1,659        | -7.7%        |
| Rate change for deferred taxation                   | 87            | 0.4%         | -             | 0.0%         |
| Prior-year adjustment                               | -62           | -0.3%        | -2            | 0.0%         |
| <b>Total</b>  | <b>4,074</b>  | <b>19.7%</b> | <b>4,114</b>  | <b>19.0%</b> |

The change in the domestic tax rate is caused by a tax rate of 15.0% on the first €395 of taxable profit (15.0% on the first €245 of taxable profit in 2021). The net tax rate for the branch outside the Netherlands is higher than the nominal rate in the Netherlands, which leads to an increase in the effective tax rate of 0.1%.

Non-deductible expenditures are largely costs relating to share-based remuneration. Besides a small amount for the Energie/Milieu Investerings Aftrek (EIA/MIA, Energy/Environmental Investment Tax Credit) (€-7 (€-13 in 2021)), tax incentive schemes consist of benefits ensuing from application of the Innovation Box tax regime (€-1,604 (€-1,646 in 2021)).

## Other information

### Research and development costs (€ x 1,000)

|                                     | <b>2022</b>   | <b>2021</b>   |
|-------------------------------------|---------------|---------------|
| Personnel and other operating costs | 42,348        | 37,528        |
| Amortisation                        | 550           | 736           |
| Capitalised costs                   | -1,520        | -512          |
| Subsidies                           | -959          | -1,020        |
| <b>Total</b>                        | <b>40,419</b> | <b>36,732</b> |

Subsidies relate mainly to tax rebates under the Dutch Research and Development (Promotion) Act (Wbso) on account of R&D activities.

Research and development costs mostly relate to maintaining and further developing current products and services. The remaining costs are for research and development in relation to new products or services.

Such development costs are only capitalised if the applicable IAS 38 criteria are met.

### Stichting Medewerkerparticipatie Nedap shareholding (items x 1)

|                                  | <b>2022</b>    | <b>2021</b>    |
|----------------------------------|----------------|----------------|
| Balance as at 1 January          | 191,919        | 181,237        |
| Additions during the year        | 28,486         | 15,011         |
| Bonus shares received            | 4,978          | 3,147          |
| Withdrawn during the year        | -31,818        | -7,476         |
| <b>Balance as at 31 December</b> | <b>193,565</b> | <b>191,919</b> |

Shares purchased over the period from 2019 to 2022 are still locked up. Of the 193,565 shares held, 90,895 are still in the locked-up period. The 90,895 locked-up depositary receipts entitle holders to 15,597 bonus depositary receipts (17,068 in 2021). In 2022, 4,978 bonus depositary receipts were awarded (3,147 in 2021), 398 contingent bonus depositary receipts expired (275 in 2021), and 3,905 contingent bonus depositary receipts were awarded (3,744 in 2021), resulting in 15,597 potentially awardable bonus depositary receipts at year-end 2022 (17,068 in 2021). Stichting Medewerkerparticipatie holds approx. 2.9% of the total issued share capital.

### Profit appropriation (€ x 1,000)

|   | <b>2022</b>   | <b>2021</b>   |
|---|---------------|---------------|
| Shareholder profit                                  | 18,704        | 18,284        |
| Addition to (-)/ withdrawal from (+) other reserves | 856           | 1,176         |
| <b>Dividend payable on ordinary shares</b>          | <b>19,560</b> | <b>19,460</b> |

### Independent external audit fees (€ x 1,000)

This item relates to the total fee for services provided by PricewaterhouseCoopers Accountants N.V.

|                               | <b>2022</b> | <b>2021</b> |
|-------------------------------|-------------|-------------|
| Audit of financial statements | 271         | 262         |
| Audit of related contracts    | -           | -           |
| Taxation                      | -           | -           |
| Other non-auditing services   | -           | -           |
| <b>Total</b>                  | <b>271</b>  | <b>262</b>  |

Groenlo, the Netherlands,  
22 February 2023

#### Board of Directors

Mr R. M. Wegman, CEO  
Ms D. van der Sluijs RC, CFO  
Mr R. Schuurman, CCO

#### The Supervisory Board

Mr P. A. M. van Bommel, chairman  
Mr J. M. L. van Engelen, vice-chairman  
Mr M. Pijnenborg  
Ms M. A. Scheltema

## 6.3 Audit certificate issued by the independent auditor

To: the general meeting and the Supervisory Board of Nedap N.V.

### Statement on the 2022 financial statements Our opinion

In our opinion:

- the consolidated financial statements of Nedap N.V. and its subsidiaries ('the group') provide a faithful representation of the size and composition of the group's equity at 31 December 2022 and of the profit and cash flows for 2022, in accordance with the International Financial Reporting Standards as adopted in the European Union (EU-IFRS) and with Title 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Nedap N.V. ('the company') provide a faithful representation of the size and composition of the company's equity at 31 December 2022 and of the profit for 2022 in accordance with Title 9 of Book 2 of the Dutch Civil Code.

### What we audited

We have audited the 2022 financial statements of Nedap N.V. in Groenlo. The financial statements comprise the consolidated financial

statements of the group and the company financial statements.

The consolidated financial statements are made up of:

- the consolidated balance sheet as at 31 December 2022;
- the following statements for 2022: the consolidated statement of profit or loss, the consolidated statement of total comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows; and
- with a summary of primary accounting principles and other explanatory notes.

The company financial statements are made up of:

- the balance sheet of Nedap N.V. at 31 December 2022;
- the statement of profit or loss of Nedap N.V. for 2022; and
- with a summary of accounting principles used for financial reporting and other explanatory notes.

The financial reporting system used in preparing the consolidated financial statements is EU-IFRS and the relevant provisions from Title 9 of Book 2

of the Dutch Civil Code, and the system used in preparing the company financial statements is Title 9 of Book 2 of the Dutch Civil Code.

### The basis for our opinion

We have performed our audit in accordance with Dutch law, including Dutch auditing standards. Our responsibilities under these laws and standards are described in the 'Our financial statements audit responsibilities' section.

We are of the opinion that the audit evidence we have obtained is sufficient and appropriate for providing a basis for our audit opinion.

### Independence

We are independent of Nedap N.V., as required by the European regulation regarding specific requirements for statutory audits of the financial statements of public interest entities, the Audit Firms (Supervision) Act (*Wet toezicht accountantsorganisaties*, Wta), the Regulation regarding the Independence of Accountants in the case of Assurance Engagements (*Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten*, ViO) and other independence rules under Dutch law relevant to the engagement. We have furthermore



complied with the Code of Conduct and Professional Practice for Accountants Regulation (*Verordening gedrags- en beroepsregels accountants* (VGBA)).

### **Our audit approach**

We have determined our audit activities in relation to the key points, fraud, and going concern, and the associated matters, in the context of the audit of the financial statements as a whole and in forming our opinion on the financial statements as a whole. The information supporting our opinion, such as our findings and observations with respect to individual key points, the fraud risk audit approach, and the going concern audit approach, must be considered in that context and not as separate opinions or conclusions.

### **Summary and context**

Nedap N.V. is a company that develops, manufactures, or has third parties manufacture, and markets technologically innovative products and services. Nedap's development activities are primarily based at its headquarters in Groenlo, in what are known as business units. In all, the group has nine international sites that provide sales support for its products and solutions. A significant part of the product manufacturing operations have been outsourced to specialist

partners. There is little remaining product manufacturing at Nedap's proprietary production site in Groenlo.

As the group is made up of several group companies, we have carefully considered the scope and approach of the group audit as specified in the section entitled 'The scope of our group audit'. In our audit, we focused specifically on the primary site in Groenlo because it represents individual financial significance. We also performed specific work for the site in the United States (Nedap Inc.).

In designing our audit approach, we set the level of materiality and identified and estimated the risk of the financial statements containing material misstatements. Special attention was paid to those areas where the Board of Directors has made important estimates, such as significant estimates where assumptions are made about future events that are inherently uncertain. In doing so, our focus was partly on the assumptions made in respect of the physical and transition risks caused by climate change.

In the accounting policies used for the financial statements, the company explains the estimated items and main underlying assumptions. We have, therefore, designated capitalisation of

developments costs as a key point for our audit, as detailed in the 'The key points of our audit' section. This relates primarily to the extent of the research and development costs incurred by the business units in developing new propositions and the uncertainty with respect to future economic benefits generated by these propositions.

We have furthermore designated the audit of revenue recognition as a key point of our audit. The diversity in terms of revenue streams, combined with the largely informal nature of internal auditing of these streams, has led us to devote particular attention to auditing revenue recognised in the financial statements. This key point is also detailed in the 'The key points of our audit' section.

In all our audits, we focus on the risk of material misstatements caused by fraud in the form of the Board of Directors breaching internal control measures, which includes assessing estimates for possible tendencies. Further focus points in our audit that we did not designate as key points included the collectability of trade and other receivables, measurement of inventories, the audit of deferred and other tax positions, and the recognition of share-based remuneration.

Nedap N.V. has assessed the potential impact of climate change on its financial position. In section 1.4 'Our sustainable impact' of the annual report, the entity provides further explanation of the impact of climate change. We have discussed the assessment of climate-related risks with the Board of Directors, and evaluated the potential impact on the financial position including the underlying assumptions and estimates.

The potential impact of climate change does not lead to a key point for our audit.

We have made sure that the audit teams, both at group level and at the level of the various group companies, possessed sufficient specialist knowledge and expertise to be able to audit a company that generates revenue through the development and sale of technologically innovative products and services. We also

added to our team and consulted specialists and experts in the areas of IT audit, taxes, sustainability reporting, and share-based remuneration.

In general terms, our audit approach was as follows:



#### **Materiality**

- Materiality: €1,300,000.

#### **Audit scope**

- The group audit focused mainly on Nedap N.V. (company financial statements). All the financial information of this group company was audited.
- In addition, Nedap Inc. was included in the scope of the group audit with a view to achieving adequate coverage for the audit of individual items of the consolidated financial statements.
- Audit coverage: 91% of consolidated revenue, 86% of the consolidated balance sheet total, and 93% of the result before taxation.

#### **Key points**

- Capitalisation of development costs
- Audit of revenue recognition

### **Materiality**

The scope of our audit is influenced by the application of materiality. The concept 'material' is explained in the 'Our financial statements audit responsibilities' section.

Based on our professional judgement, we determine the quantitative boundaries for materiality, including materiality for the financial statements as a whole, as set forth in the table below. These boundaries, as well as the qualitative considerations in this respect, help us determine the nature, timing and scope of our

audit activities for the individual items of and notes to the financial statements and to evaluate the effect of identified misstatements, both individual misstatements and all misstatements jointly, both on the financial statements as a whole and on our opinion.

We also factor in misstatements and/or possible misstatements that we think can be of a material nature for qualitative reasons.

We have agreed with the Supervisory Board to report any misstatements revealed by our

audit that involve an amount of over €65,000 (€55,000 in 2021) and reclassifications of over €150,000 to the board, as well as minor misstatement that we consider to be relevant for qualitative reasons.

### **Materiality for the group**

€1,300,000 (€1,135,000 in 2021).

### **How materiality has been set**

We determine the level of materiality based on our professional judgement. As a basis in arriving at an opinion on materiality, we use 5% of the expected result before taxation. The materiality used was ultimately 5.5% of the reported result before taxation. We still consider the initially estimated materiality suitable as a basis for our audit and our opinion based on the audit.

### **Considerations in choosing the benchmark**

We use the result before taxation as the primary, generally accepted, benchmark based on our analysis of the common information needs of

users of the financial statements. Consequently, we are of the opinion that the result before taxation is a key figure in the company's financial performance.

### **Materiality for group companies**

In our group audit, we only identified Nedap N.V. (company financial statements) as financially significant on its own. The other group companies were not deemed to be financially significant on their own, meaning that no separate materiality has been attributed to these group companies. The level of materiality we attributed to Nedap N.V. (company financial statements) was €1,280,000.

### **The scope of our group audit**

Nedap N.V. is the parent company in a group of entities. This group's financial information is captured in the consolidated financial statements of Nedap N.V.

We have determined the scope of our audit to ensure that our audit activities are sufficient to be able to form an opinion on the financial statements as a whole. In doing so, we considered, among other things, the group's management structure, the nature of the operations of the various business units, the business processes and internal controls, and the industry in which the company operates. Based on these considerations, we determined the nature and scope of the work to perform for the business units by the group team and the respective business units' auditors.

The group audit focused mainly on the significant company Nedap N.V. (company financial statements). This group company's financial information was audited in full because it is of a significant financial size on its own. In addition, Nedap Inc. was included in the scope of the group audit with a view to achieving adequate coverage for the audit of individual items of the consolidated financial statements.

In total, our audit activities achieved the following coverage of the following items in the financial statements:

|                               |     |
|-------------------------------|-----|
| <b>Revenue</b>                | 91% |
| <b>Balance sheet total</b>    | 86% |
| <b>Result before taxation</b> | 93% |

Of the group companies that were not in scope for this audit, none represent more than 5% of the consolidated revenue or the consolidated balance sheet total. We have audited the financial information of these remaining group companies at group level by performing, for example, analytical procedures to confirm our assessment that these group companies do not present significant risk of material misstatements.

At the Nedap N.V. group company (company financial statements), we, as the group team, performed the audit activities ourselves. We engaged other auditors for specific work at the Nedap Inc group company.

We directed Nedap Inc.'s local auditor in the United States through instructions to perform specifically agreed audit activities with respect to cash and cash equivalents, accounts receivable, inventories, accruals and deferred income, provisions, revenue, fraud risks,

and shareholders' equity to obtain sufficient coverage for the audit of these individual items of Nedap N.V.'s consolidated financial statements. We had various meetings with the local auditor to evaluate the adequacy and execution of their audit approach.

The group team audited the consolidation of the group, notes to the financial statements, and a number of complex aspects such as capitalised development costs, deferred and other tax positions and recognition of share-based pay.

The aforementioned work at the various (group) companies, combined with supplementary work at group level, gave us sufficient and appropriate audit evidence relating to the group's financial information as a basis for our opinion on the financial statements.

### **Fraud risk audit approach**

We identified and estimated the risks of material misstatement in the financial statements as a result of fraud. During our audit, we gained insight into Nedap N.V. and its environment, the components of the internal control system, including the risk estimation process and how the Board of Directors addresses fraud risks and monitors the internal control system,

and how the Supervisory Board conducts its supervision, as well as the outcome thereof. We refer to the Board of Directors' description of the Nedap Risk Management Framework and the informal risk analysis system in section 4.1 'Risk management' of the annual report, and to the Supervisory Board's reflections on the Nedap Risk Management Framework in chapter 5 'Report of the Supervisory Board'.

With respect to the risk of material misstatements caused by fraud, we evaluated the set-up and implementation of internal controls, including fraud as an element of the Nedap Risk Management Framework, the code of conduct, the whistle-blower policy, and, to the extent we deemed it necessary for our audit, tested the effectiveness of these internal controls.

We asked the members of the Board of Directors, the internal audit function, legal affairs, and the Supervisory Board whether they are aware of any actual, alleged, or suspected cases of fraud. These enquiries did not afford any signs of actual, alleged, or suspected cases of fraud that may lead to material misstatements.

As part of our process for the identification of risks of material misstatement in the financial statements caused by fraud, we have, in collaboration with our forensic specialists, considered fraud risk factors relating to fraudulent financial reporting, unlawful appropriation of assets, and bribery and corruption. We evaluated whether these factors constitute an indication of the existence of the risk of material misstatement due to fraud. We have identified the following fraud risks and performed the following specific activities in this respect:

## Fraud risks identified

### **The risk of the Board of Directors breaching internal controls.**

Our audits focused on the risk of the Board of Directors breaching internal control measures, including risks of possible material misstatement as a result of fraud in estimates based on an analysis of possible interests of the Board of Directors.

The Board of Directors receives bonuses based partly on the company's performance on several financial targets set by the Supervisory Board. Aside from that, the Board of Directors is in a position to influence estimates. In this respect, we focused specifically on capitalised development costs, given the element of estimation in this item.

## Our audit activities and observations

Where relevant to our audit, we evaluated the organisation of internal control measures intended to mitigate the risk of breaches of internal controls in processes for the generation and recognition of journal items and the making of estimates. We focused specifically on access security in the IT system and the possibility of it leading to a breach of the segregation of duties.

We selected journal items based on risk criteria and performed specific audit activities for these items, whereby we also sought to identify significant transactions outside the company's normal operations.

Furthermore, we conducted specific audit activities with respect to key estimates made by the Board of Directors, including those made for the capitalisation of development costs. Please refer to the 'Key points' section for further details. We looked in particular at the inherent risk of bias in the Board of Directors' estimates.

Our activities did not reveal any material misstatements in the information provided by the management in the financial statements and the Directors' Report, compared to the actual financial statements.

Our activities did not yield specific indications of fraud or suspicions of fraud in the form of the Board of Directors breaching internal controls.

## Fraud risks identified

### **The risk of fraudulent financial reporting due to recognition of fictitious revenue.**

This risk relates to the existence of revenue. The Board of Directors has been set revenue and profit growth targets, as explained in section 5.2 '2022 remuneration report' of the annual report. These targets could lead to pressure on the Board by recognising fictitious revenue.

## Audit activities and observations

Where relevant to our audit, we evaluated the organisation of internal controls with respect to revenue recognition and in the processes for the generation and recognition of revenue-related journal items.

We performed specific activities to verify the revenue recognised. Based on partial observations, we tested the performance delivered and transaction prices underlying revenue transactions by looking at the underlying sales contracts, delivery documents, sales invoices, and funds received.

Using data analysis, we identified unusual revenue entries in the financial year and confirmed through data-based activities that these entries are indeed based on actual deliveries in the financial year in question.

Our activities did not reveal any material misstatements in the information provided by the management in the financial statements and the Directors' Report, compared to the actual financial statements.

Our activities did not yield specific indications of fraud or suspicions of fraud with respect to the demarcation and existence of revenue recognition.

We built an element of unpredictability into our audit. We also examined the lawyers' letters and correspondence with industry regulators, and we remained alert to signs of fraud. We also assessed the results of other audit activities and considered whether there are any findings that point to fraud or non-compliance with laws and regulations. If such indications existed, we re-evaluated the fraud risk and its impact on our audit activities.

#### **Going concern audit approach**

As explained in section 4.5 'Directors' statement' of the annual report, the Board of Directors performed its going concern assessment for at least twelve months from the date that the financial statements were prepared, not identifying any events or circumstances that could give rise to reasonable doubt as to the entity's ability to maintain its going concern status (hereinafter: going concern risks).

Our activities to audit the Board of Directors' going concern assessment include the following:

- considering whether the Board of Directors' going concern assessment encompasses all relevant information, including the impact of possible consequences of significant supply chain disruptions, which we know about as a result of our audit, questioning the Board of Directors about the main assumptions and principles, and verifying whether the Board of Directors has identified events or circumstances that may give rise to serious doubt as to the entity's ability to maintain its going concern status (hereinafter: going concern risks);
- analysing the financial position as at the end of the current financial year compared to the end of the previous financial year to identify potential indicators of going concern risks;
- evaluating the estimated operating results and the related cash flows compared to last year, developments in the industry and our knowledge obtained through the audit;
- making enquiries with the Board of Directors regarding their knowledge of going concern risks after the period of the going concern analysis performed by the Board of Directors.

Our audit activities did not yield any information that contradicts the Board of Directors' going concern assumption.

#### **Key points of our audit**

In the key points of our audit, we describe matters that, in our professional opinion, were the most important in our audit of the financial statements. We briefed the Supervisory Board on the key points. The key points do not constitute a comprehensive reflection of all risks and points that we identified and discussed during our audit. We have detailed the key points in this section, along with a summary of the work we performed in relation to each key point.

We designed our audit activities in relation to these key points in the context of the financial statements audit as a whole. Our findings and observations on individual key points must be considered in that context, and not as separate opinions on these key points or specific elements of the financial statements.



The 'Capitalisation of development costs' and 'Audit of revenue recognition' key points are inherent to the nature of the company. The key points did not change compared to the previous year. The development of the business, the company's performance, and our audit of the financial statements do not give grounds for additional key points.

## Key points

### Capitalisation of development costs

*Details of the intangible fixed assets are included in note 1 to the financial statements.*

Research and development for new propositions is part of Nedap N.V.'s core business. Costs incurred for research are charged directly to the profit/loss. The development costs for propositions that have been confirmed to be technically feasible and that have sufficient market potential are administered for each proposition separately.

Based on the internally defined capitalisation criteria, which comply with IAS 38, a decision is made for each individual proposition whether the development costs can be capitalised as intangible fixed assets. If the costs do not comply with the capitalisation criteria, they are charged directly to the profit/loss.

At year-end 2022, the capitalised development costs totalled €1.7 million (€1.2 million at 31 December 2021).

In the statement of profit or loss, an amount of €40 million (€37 million in 2021) in research and development costs has been charged to the profit/loss. As detailed in the 'Other information' section of the consolidated financial statements, these costs relate mainly to maintenance, upgrades, and further development of existing propositions in Nedap's case, and to a lesser degree to actual new proposition research and development.

The difference between developing a new proposition and further developing and/or performing maintenance on an existing proposition cannot always be established factually. Furthermore, it is uncertain whether propositions will actually deliver economic benefits in the future. Given these aspects, as well as the material amounts involved in research and development, we have designated the capitalisation of development costs as a key point. Our audit is primarily of a data-driven nature.

## Our audit activities and observations

We tested the management's estimate of the capitalisation of development costs based on the capitalisation criteria from IAS 38, interviews with the employees and managers involved, meeting minutes, and public sources. We also examined internal research and development cost administration and control processes. Given that the internal controls at transaction level are not always laid down formally and/or visibly, we checked the records at proposition level in a data-driven way and for each business unit separately.

We verified the accuracy of the development costs that were capitalised by checking the current principles for capitalisation, including the assessment of the principles and assumptions regarding the technical feasibility of the propositions and the management's analysis of the future economic benefits.

With respect to the completeness of the capitalised development costs, we selected various propositions based on partial observations and size and established based on interviews, project plans, progress reports, and other documentation whether the principles based on which the decision was made not to capitalise these propositions and development costs comply with the criteria of IAS 38.

Based on our critical judgement of the explanatory notes and justifications for each proposition, we can accept the development costs capitalised by the management.

## Key points

### Audit of revenue recognition

*Details of the revenue are included in note 14 to the financial statements.*

The revenue of Nedap N.V. is generated through several types of contract with elements of product delivery, service provision (consisting of subscriptions, maintenance contracts and licences) and combinations thereof, all of which have a separate transaction price. The agreed performance obligations have a potential impact on when to recognise the revenue generated, as per the requirements of IFRS 15.

In the organisational culture of Nedap N.V., informal checks and balances, such as the Board of Directors' and the management's close involvement, are key elements of the governance and internal control systems.

Internal checks at transaction level are not always formally or visibly recorded as such.

The diversity of business units, types of contracts, and relatively informal internal control have led to us focusing a significant part of our efforts on verifying the accuracy and completeness of the revenue recognised in the financial statements. Our audit is primarily of a data-driven nature.

## Our audit activities and observations

We checked the accuracy of the revenue streams through our own detailed observations in the form of checks (based on partial observations) of revenues recognised in the general ledger against performance obligations and transaction prices in the underlying sales contracts, delivery documents, sales invoices, and funds received.

As far as the completeness of revenue obtained from the supply of products is concerned, we have checked the expected connections between sales, procurement, production and inventory movements through analytical procedures and partial observations of underlying procurement and sales transactions. In verifying such connections, we also attended stocktaking.

We audited the completeness of revenue generated through services, depending on the nature, by looking at the monthly registers and registers of licences generated. The completeness of these registers was checked by comparing them to the databases of actually provided services and contracts signed. Finally, we performed data-driven analyses of the credit notes both during and after the financial year.

We did not find any material misstatements.

## Statement on other information included in the annual report

The annual report also contains other information, which extends to all information in the annual report other than the financial statements and our audit certificate.

Based on our work as outlined below, we are of the opinion that the other information:

- is consistent with the financial statements and contains no material misstatements
- contains all information required by Title 9 of Book 2 of the Dutch Civil Code for the directors' report and the other information and required by Articles 2:135b and 2:145(2) of the Dutch Civil Code for the remuneration report.

We have read the other information and assessed, based on our knowledge and understanding, obtained from our audit of the financial statements or otherwise, whether the other information contains material misstatements.

Through our work in this respect, we have complied with the requirements of Title 9 of Book 2, Article 2:135b(7) of the Dutch Civil Code and Dutch Accounting Standard 720. This work is

not equally in-depth as our audit work on the financial statements.

It is the Board of Directors' responsibility to compile the other information, including the Directors' Report and other information as specified in Title 9 of Book 2 of the Dutch Civil Code. The Board of Directors and the Supervisory Board are responsible for preparing and publishing the remuneration report as specified in Articles 2:135b and 2:145(2) of the Dutch Civil Code.

## Statement regarding other legal and regulatory requirements and ESEF

### Our appointment

On 12 April 2022, we were reappointed by the Supervisory Board as the external auditor of Nedap N.V. for a period of three years up to and including the 2024 financial year as per a resolution by the annual general meeting. We have now been the company's auditor for a period of 7 consecutive years.

### European Single Electronic Format (ESEF)

Nedap N.V. has prepared the annual report in the European Single Electronic Format. The requirements for this format are laid down in the Delegated Regulation (EU) 2019/815 with

regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS for the ESEF). In our opinion, the annual report prepared in XHTML format, containing partially tagged consolidated financial statements, as included in the reporting pack by Nedap N.V., complies with the RTS for the ESEF in all material aspects.

The Board of Directors is responsible for preparation of the annual report, including the financial statements, in compliance with the RTS for ESEF, whereby the Board of Directors brings the various parts together in a single reporting pack. It is our responsibility to obtain a reasonable level of certainty for our opinion that the annual report in this reporting pack complies with the RTS for the ESEF.

We conducted our audit in compliance with Dutch law, including the Dutch standard 3950N for assurance engagements on the meeting of the criteria for the drawing up of a digital accountability document.

Our audit included:

- Gaining insight into the entity's financial reporting process, including preparation of the reporting pack.

- Identifying and assessing the risk of the financial statements not complying with the RTS for EFES in all material aspects and designing and executing further assurance activities in response to such risk as a basis for our opinion, including:
  - obtaining the reporting pack and conducting validations to confirm whether the reporting pack, which includes the Inline XBRL instance document and the XBRL extension taxonomy files, has been compiled in compliance with the technical specifications as specified in the RTS for the ESEF;
  - inspecting information relating to the consolidated financial statements in the reporting pack to confirm whether all required tags have been applied and whether these are in compliance with the RTS for the EFES.

#### **No prohibited services**

To the best of our knowledge and in our firm belief, we have not provided prohibited services as defined in Article 5, paragraph 1 of the European regulation regarding specific requirements for statutory audits of financial statements of public interest entities.

#### **Services provided**

We have not provided the company and its subsidiaries with non-auditing services alongside the audit of the financial statements in the period covered by our statutory audit.

#### **Responsibilities relating to the financial statements and audit Board of Directors and Supervisory Board responsibilities for financial statements**

The Board of Directors is responsible for:

- preparing and presenting a faithful representation of the financial statements, in accordance with EU-IFRS and Title 9 of Book 2 of the Dutch Civil Code, as well as for
- ensuring such internal control as it deems necessary in order to allow the preparation of the financial statements without material misstatement resulting from fraud or errors.

In preparing the financial statements, the Board of Directors is required to consider whether the company is able to continue its operations as a going concern. Based on the aforementioned reporting systems, the Board of Directors is required to prepare the financial statements based on the going concern assumption, unless the Board of Directors intends to wind up the company or to terminate business operations,

or when termination is the only realistic alternative. In the financial statements, the Board of Directors must provide notes to events and circumstances that could lead to serious doubts about whether the company can continue its operations.

The Supervisory Board is responsible for supervising the financial reporting process at the company.

#### **Our financial statements audit responsibilities**

Our responsibility consists of planning and executing an audit engagement in such a way that we obtain sufficient and appropriate audit evidence to justify the opinion we are asked to issue.

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole contain material misstatements as a result of fraud or errors and to issue an audit certificate specifying our opinion. Reasonable assurance is a high level of, albeit not absolute, assurance, and we may therefore not have identified all material misstatements in our audit.

Misstatements can arise as a result of fraud or errors and are considered material if they

can in all reasonableness be expected to influence, either separately or collectively, economic decisions that users make based on these financial statements. The materiality of misstatements affects the nature, timing and scope of our audit, and the evaluation of the effect of identified misstatements on our opinion.

For a more detailed description of our responsibilities, please refer to the appendix to our audit certificate.

Amsterdam, 22 February 2023  
PricewaterhouseCoopers Accountants N.V.

Mr R. P. R. Jagbandhan RA

### **Appendix to our audit certificate for the 2022 financial statements of Nedap N.V.**

In addition to statements in our audit certificate, this appendix provides further details on our responsibilities in auditing financial statements, while also explaining what an audit entails.

#### **The auditor's responsibilities for the audit of the financial statements**

We have performed this audit in a professional and critical manner, using our professional judgement, wherever relevant, in line with Dutch auditing standards, ethical principles and independence requirements. Our audit included:

- Identifying and assessing the risk of the financial statements containing material misstatements due to errors or fraud, designing and executing audit activities in response to such risk, and acquiring audit evidence that is sufficient and appropriate as a basis for our opinion. Material misstatements are more likely to go unnoticed in the case of fraud than in the case of errors. Fraud may be a case of collusion, forgery of documents, intentionally omitting to record transactions, intentionally misrepresenting matters, or breaching internal controls.
- Obtaining insight into the internal controls that are relevant for the audit, with a view

to selecting audit activities that are consistent with the circumstances. These activities are not intended to produce a judgement on the effectiveness of the company's internal controls.

- Evaluating the appropriateness of accounting policies used for financial reporting, and evaluating the reasonableness of estimations made by the Board of Directors and associated notes in the financial statements.
- Assessing whether or not the going concern assumption used by the Board of Directors is acceptable. Also, to establish, based on audit evidence obtained, whether there are events and circumstances that could lead to reasonable doubt about whether the company could continue its operations as a going concern. If we were to conclude that there is material uncertainty in this respect, we would be required to draw attention to the relevant related notes to the financial statements in our audit certificate. If such notes were to be found to be inadequate, we would have to adjust our audit certificate. Our conclusions are based on audit evidence obtained up to the date of our audit certificate. Future events or circumstances may, however, lead to a company becoming unable to maintain itself as a going concern.

- Evaluating the presentation, structure and contents of the financial statements and notes thereto, and evaluating whether the financial statements provide a faithful representation of the underlying transactions and events.

Given our ultimate responsibility for the opinion, we are responsible for the management, supervision and execution of the group audit. In this respect, we have determined the nature and scope of the work to perform for the business units, with a view to ensuring our audit activities would be sufficient to be able to form an opinion on the financial statements as a whole. The group's geographical structure, the size and/or risk profile of the various group companies or activities, business processes and internal control measures, and the industry in which the group operates are all decisive factors in designing our audit scope and activities. Based on this assessment, we have selected the group companies where an audit or evaluation of their financial information or specific items was required.

We liaised with the Supervisory Board on things such as the planned scope and timing of the audit, as well as significant findings from our audit, including possible significant shortcomings

in internal controls. In this context, we also issue a statement to the audit committee based on Article 11 of the European regulation regarding specific requirements for statutory audits of financial statements of public interest entities. The information provided in this supplementary statement is consistent with our opinion in this audit certificate.

We confirmed to the Supervisory Board that we have complied with the relevant ethical principles on independence. We also disclosed to them any relations and other matters that could reasonably be considered to affect our independence, and discussed measures taken in this respect to eliminate the threats identified and guarantee our independence.

We selected the key points of our audit of the financial statements from all matters discussed with the Supervisory Board. These matters are listed in our audit certificate, unless this is prohibited by law or regulations, or not possible in highly rare cases where non-disclosure is in the best interest of society.

## 6.4 Articles of association provision regarding profit appropriation in accordance with Article 43

### Paragraph 1

Every year, the Board of Directors decides, with the Supervisory Board's prior approval, how much of the profit - the positive balance of the statement of profit or loss - will be transferred to the reserves.

### Paragraph 2

From the profit after transfer to reserves as per article 43.1, dividend is paid on preference shares at a rate that equals the sum of the weighted averages of the European Central Bank's deposit rate - weighted based on the number of days for which payment is awarded - plus three per cent (3%). The dividend on preference shares is calculated on the paid-up part of the nominal amount. If in any one year the profit is not sufficient to pay the dividend on preference shares as specified in the first sentence of this paragraph, as much of the deficit as possible will be charged to the freely distributable part of the shareholders' equity.

### Paragraph 3

The remaining amount will be paid as dividend on ordinary shares.

### Paragraph 5

In case of a loss in any one year, no dividend will be paid for that year. Also in subsequent years, dividend can be paid only after the loss has been made up by a profit.

The annual general meeting can, however, following a proposal to that effect by the Board of Directors, with prior permission from the Supervisory Board, decide to offset such a loss against the distributable part of the shareholders' equity.



## 6.5 Companies and management

### At 22 February 2023

#### Head office

*Nedap N.V.* | Mr R. M. Wegman (1966)  
Ms D. van der Sluijs RC (1972)  
Mr R. Schuurman (1969)

Parallelweg 2  
7141 DC Groenlo  
Netherlands

#### Business units

*Healthcare* | Mr P. A. van Soolingen (1981)  
*Identification Systems* | Mr J. B. F. van der Willik (1983)  
*Light Controls* | Mr J. Somsen (1964)  
*Livestock Management* | MSc M. H. J. Idink (1982)  
*Retail* | Mr O. F. J. van den Broek (1984)  
*Security Management* | Ms S. P. Adriaanse (1984)  
*Staffing Solutions* | Mr R. Schuurman (1969) acting

#### Asia

*Nedap Asia Ltd.* | Mr G. H. M. Derksen (1990)  
Austin Plaza 15F, Units 3-5  
No. 83, Austin Road  
Kowloon  
Hong Kong

*Nedap China Ltd.* | Mr G. H. M. Derksen (1990)  
Room 2306, Raffles City  
Office Tower 2  
No. 1189, Changning Road  
200051 Shanghai  
China

#### Europe

*Nedap België* | Mr K. J. van de Groep (1982)  
Maria-Theresialaan 2.0.1  
1800 Vilvoorde  
Belgium

*Nedap Beveiligingstechniek B.V.* | E. Groeskamp (1961)  
Groenekanseweg 24A  
3737 AG Groenekan  
Netherlands

*Nedap Deutschland GmbH* | Mr I. A. C. van Balveren (1967)  
Mies van der Rohe Business Park,  
Girmesgath 5,  
Gebäude B1, 3.OG  
47803 Krefeld  
Germany

*Nedap Great Britain Ltd.* | E. Groeskamp (1961)  
1230 Arlington Business Park  
Theale, Reading  
United Kingdom

*Nedap Iberia S.A.U.* | Mr T. Elferink (1983)  
Paseo de la Castellana 43  
28046 Madrid  
Spain

*Nedap Polska Sp. z o.o.* | Mr M. J. Bomers (1982)  
Aleja Niepodległości 18  
02-653 Warszawa  
Poland

#### Middle East

*Nedap FZE* | Mr J. H. W. van Ruijven (1983)  
Dubai Digital Park, Office 402,  
Building A4  
P.O. Box 341213 Dubai  
Silicon Oasis  
United Arab Emirates

### North America

Nedap Inc. | MSc G. B. P. Gozdek (1979)  
25 Corporate Drive  
Suite 101  
Burlington, MA 01803  
USA

### Branches

Public limited company Nedap N.V.,  
based in Vilvoorde, Belgium  
(trading under the name: Nedap België)

### ESEF relevant tags

|   |   |
|---|---|
| Name of reporting entity or other means of identification   | Nedap N.V.  |
| Domicile of entity  | the Netherlands   |
| Legal form of entity  | Public limited company                                    |
| Country of incorporation  | the Netherlands   |
| Address of entity's registered office   | Parallelweg 2, 7141 DC Groenlo, the Netherlands           |
| Principal place of business   | Groenlo, the Netherlands                                  |
| Description of nature of entity's operations and principal activities   | Develop and manufacture electronic equipment and software |
| Name of parent entity   | Nedap N.V.  |
| Name of ultimate parent of group  | Nedap N.V.  |
| Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period | None  |

*Disclaimer*

This annual report contains the Board of Directors' forward-looking statements and expectations based on current insights and assumptions, which are subject to known and unknown risks and uncertainties. The actual results or events could differ from these expectations due to changes in the economic climate, developments on specific markets, orders from individual customers and/or other developments. Nedap cannot be required to update the forward-looking statements contained in this document or held responsible for doing so, regardless of whether they are related to new information, future events or suchlike, unless Nedap is required to do so by law.

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