Annual report 2024

nedap

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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 version of the annual report 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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Message from the CEO

In 2024, many elements of our Step Up! process came together, creating a natural moment for our new strategy release, Create & Scale. This new release, introduced at Capital Markets Day, speaks to what we believe in at Nedap: that fixed, long-term strategies do not fit our volatile world. The year 2024 served as proof of that volatility. Challenging market conditions lasted longer than expected. Consequently, revenue for 2024 was 4% lower than in 2023. At the same time, we saw our recurring revenue increase by 19%, a testament to the successful transformation of Nedap over the last few years.

In the years leading up to 2024, our biggest challenge was keeping up with a spike in demand from our customers. In 2024, we instead had to work hard to slow down the well-established flows of components and finished products, reduce inventory levels and scale down production capacity.

As conditions in some of our markets worsened, our partners saw their inventory levels grow rapidly. We first felt the effects in the final quarter of 2023. These developments continued to put pressure on demand for our products in 2024. The negative impact of these challenging conditions lasted longer than expected, particularly in Livestock. Similarly, Security experienced a decline in revenue. This was expected, as its revenue surged in 2023. We achieved an increase in revenue in Retail and Healthcare in 2024.

In the second half of 2024, we began to see the early signs of growing confidence in various key markets. This improvement in market conditions, along with the resulting increase in demand for our products, led to revenue growth during the final quarter of the year.

Step Up!

Over the last five years, we have taken a dynamic approach to our strategy as part of Step Up! This ongoing process of developing, executing and refining our strategy based on the latest insights has proven valuable for our company. The selection of four key markets—Healthcare, Livestock, Retail and Security—has brought focus and has reduced operational complexity. It has also contributed to our other Step Up! objectives. We have experienced that our greater execution power on the one hand and market focus and entrepreneurship on the other, have become an important part of our competitive edge.

With the introduction of our growth strategy Create & Scale, we articulate our Nedap-wide approach for realizing organic revenue growth. Already, we have developed groundbreaking solutions and scaled them to market-leading positions. With our concrete growth plans, we are well positioned to seize opportunities in our key markets.

Leading Digital Twin Technology company

In the 2024 fiscal year, we surpassed the milestone of €100 million in annual recurring revenue. Moreover, we now offer subscription-based software services in each of our key markets. While we have definitively left our industrial past behind, we carry forward 95 years of experience. By combining our heritage with the latest technological insights, we have become a leading company in Digital Twin Technology. Our technology stack, based on IoT, RFID, Vision and SaaS, bridges the gap between the physical and digital worlds, helping our customers unlock more of their potential.

Capturing the potential of AI

Over the past year, developments in artificial intelligence (AI) have progressed at an incredible pace. Breakthroughs are happening weekly, and AI is rapidly being integrated into existing solutions. Within Nedap, AI has our full focus too. But more than just enhancing our products and services, we see even greater potential in applying AI within our own organization.

That is because of our long-held emphasis on added value per employee. This is not just a financial KPI but a leading indicator of how effectively we turn market and technology expertise into valuable solutions for our customers. This metric provides insight into high-value activities and low-value activities and has guided major strategic choices, such as focusing on our four key markets, phasing out certain solutions and outsourcing production.

AI offers unique opportunities to further grow our added value per employee. From software development and user interface design to marketing, financial analysis and customer support, AI can accelerate processes, improve quality and boost employee development. At Nedap, we approach AI as we have any opportunity to grow our added value: by creating room for exploration and fostering independent, smart decision-making. With our culture and the quality of our people, we are uniquely positioned to leverage AI's potential.

A proactive approach to sustainability

We made significant progress in our sustainability efforts this year, particularly in preparing for and implementing the Corporate Sustainability Reporting Directive (CSRD). Our team proactively aligned our reporting practices with the new requirements, viewing them not as a compliance exercise, but as an opportunity to make our sustainable practices more explicit and impactful. Because of their hard work, we have successfully reached the milestone of publishing our first sustainability statement in accordance with the CSRD.

The expertise we have gained from implementing CSRD within our company has proven to be a valuable asset, not only as we move forward with our own sustainability efforts but also as customers choose their partners. Like Nedap, many of our customers are dedicating significant resources to CSRD implementation. We have been able to support them in this process, from exchanging knowledge to sharing the ESG data that they need to meet the requirements. On top of that, our innovative digital twin solutions contribute to more sustainable operations for our customers. By optimizing processes and enabling data-driven decisions, our solutions help them to reduce waste and improve resource efficiency.

Our focus on added value per employee will continue to drive our internal sustainability efforts. Investing in our people's development and fostering a diverse and inclusive work environment are key to sustaining and enhancing our competitive edge.

From recruitment to development

As we prepare to capture the excellent growth opportunities in the four key markets, we consciously invest in strengthening our organization. In recent years, we have invested heavily in attracting talented and driven people to accelerate product development. Additionally, we now have ‘boots on the ground’ in key regions, including our new subsidiary in New Zealand, where our people leverage their local expertise and connections to support our Livestock business partners and pursue commercial opportunities. This is key to building and expanding leading positions in these markets. Our decision to build a dedicated commercial and support team in North America has also proven crucial to growing our market share in the retail market.

As of 2024, we have shifted our focus from recruitment to people and leadership development. The growth in the number of employees consequently slowed in 2024. We have expanded our training offer to further improve effectiveness of our teams and individual contributors, and we will continue to prioritize their growth moving forward.

Looking ahead

In the second half of 2024 we began to see signs of improved market sentiment, although the speed of the markets' recovery remains uncertain. For 2025, we expect revenue growth in each of our key markets, driven by our investments in Create & Scale solutions and the anticipated recovery of the livestock dairy market, unforeseen circumstance notwithstanding. We reiterate our Step Up! financial ambitions, including an EBIT margin growing toward 15%, albeit in 2026.

I want to express my heartfelt thanks to all my colleagues for their dedication and perseverance. Together, they are the heart of Nedap, and I am proud to be a part of this exceptional team. I also extend my gratitude to our customers, partners and shareholders for their continued trust and confidence in Nedap.

3 March 2025
Ruben Wegman, CEO

Key facts & figures

Key facts

Founded in
1929
Listed on Euronext Amsterdam since 1947

1,000+
employees

Headquartered in Groenlo, the Netherlands
Offices in Belgium, China, Germany, Hong Kong, New Zealand, Poland, Spain, United Arab Emirates, United Kingdom, and United States of America.

Digital Twin Technology company

Full-stack solutions
- IoT
- RFID
- SaaS
- Vision

Create & Scale

Leading positions in 4 key markets

A culture of innovation

Highly educated and engaged employees

Key figures

Revenue
in millions of €
251.6
-4%
2023: **262.4**

Earnings per share
x €1
2.82
2023: **3.31**

Number of employees
1,041
2023: **1,028**[1]

Recurring revenue
in millions of €
100.2
2023: **84.1**

Dividend per share
x €1
3.20
2023: **3.20**

Added value per FTE
x €1,000 per FTE
181
2023: **197**[1]

Operating margin
9.5%
2023: **10.4%**

Return on invested capital
26%
2023: **31%**

Research and Development expenditure
as % of revenue
20%
2023: **18%**

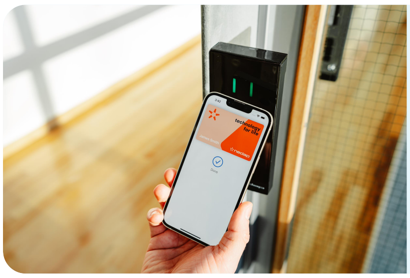
Scope 1 & 2 GHG emissions
in tCO_2e
757
2023: **862**

Scope 3 Intensity based GHG emissions
in tCO_2e per 1M EUR added value
683
2023: **751**

Gender diversity
Male / female
73% / 27%
2023: **73% / 27%**

[1] In 2024, the definition of the headcount and FTE numbers has been revised. Therefore, the figures for 2023 have been adjusted to reflect the updated definition (2023: 1,013 employees, 964 FTEs).

Highlights 2024

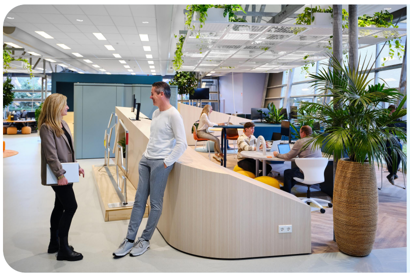


Launch of Mobile Access

Official launch of Mobile Access in partnership with Apple, integrating mobile credentials directly into the Apple Wallet in August 2024.

Capital Markets Day

Announcement of our (financial) objectives for 2025-2028 at the Capital Markets Day on 7 November 2024.

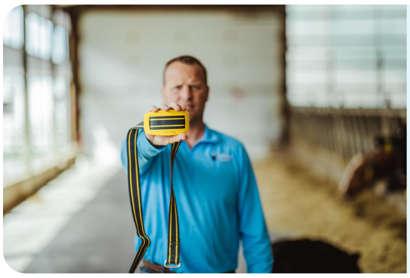


SBTi commitment

Committed to setting near-term science-based GHG emissions reduction targets with the Science Based Targets initiative (SBTi).

Scaling up Nedap Luna

Nedap Luna scaled up in 2024, proving its potential to enhance independence and reduce pressure on the care system. As of 2024, the solution is covered by most health insurance providers.



SmartTag-as-a-Service

By providing a new flexible pricing model, SmartTag-as-a-Service has expanded the serviceable market, especially in North America.

Introducing self-checkout RFID solutions

Self-checkout RFID solutions integrate with RFID electronic article surveillance to enable seamless shopping experiences while minimizing inventory loss.

95 years in motion

A milestone in our history: the celebration of our 95th anniversary on 27 September 2024.

Over 400 Tech Academy participants

In 2024, over 400 Nedappers participated in our Tech Academy for knowledge sharing and development.

1. About Nedap

1.1 The Nedap Story

Nedap is a leader in digital twin solutions that bridge the physical and digital worlds in Healthcare, Livestock, Retail and Security. With our technology stack, built on IoT, RFID, SaaS and Vision, we add value by helping organizations optimize their operations, manage risks and make data-driven decisions. In doing so, we empower our customers to unlock their full potential.

Technology for Life

We are passionate about technology and how it can help people become more successful and happier in their professional lives. Our purpose, Technology for Life, drives us in everything we do. It means our solutions are sustainable and forward-thinking and provide lasting value.

We take a people-centered approach, focused on understanding what people need to excel in their professional lives. Our innovative strength and experience enable us to identify and solve complex challenges, leveraging the possibilities offered by technology. Through Technology for Life, we enhance both day-to-day experiences and contribute to the long-term success of organizations and their markets.

Market leadership and added value

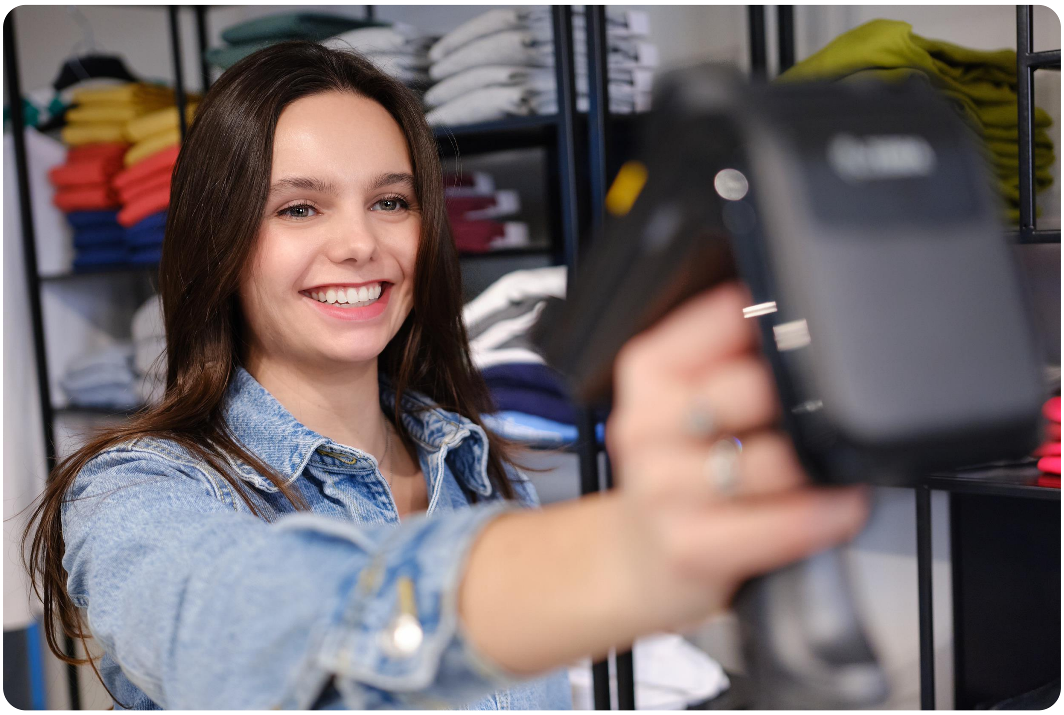
At Nedap, we aim for market leadership not for its own sake, but because it reflects our relevance in the markets that we are active in. Market leadership is especially important due to the dynamics of platform-based solutions, where market leaders capture the majority of value. By building and solidifying our market position, we strive for sustained relevance and growth in a competitive landscape.

We consider added value per employee a key indicator of our ability to effectively convert our market and technology insights into valuable solutions for our customers. It guides us in making strategic choices, such as selecting markets to pursue and defining our product development focus. We aim for high added value per employee, enabling us to continue to invest in our people and in strategic priorities. Our investments in people include attracting top-tier talent, professional development opportunities and leadership development. Moreover, we aim to establish a shared commitment to Nedap's growth with our employees. To this end, we offer a share scheme and employee participation plan to share in our financial success. By giving our employees a stake in our company and its future, we reward them for their entrepreneurship.

Sustainable long-term value creation

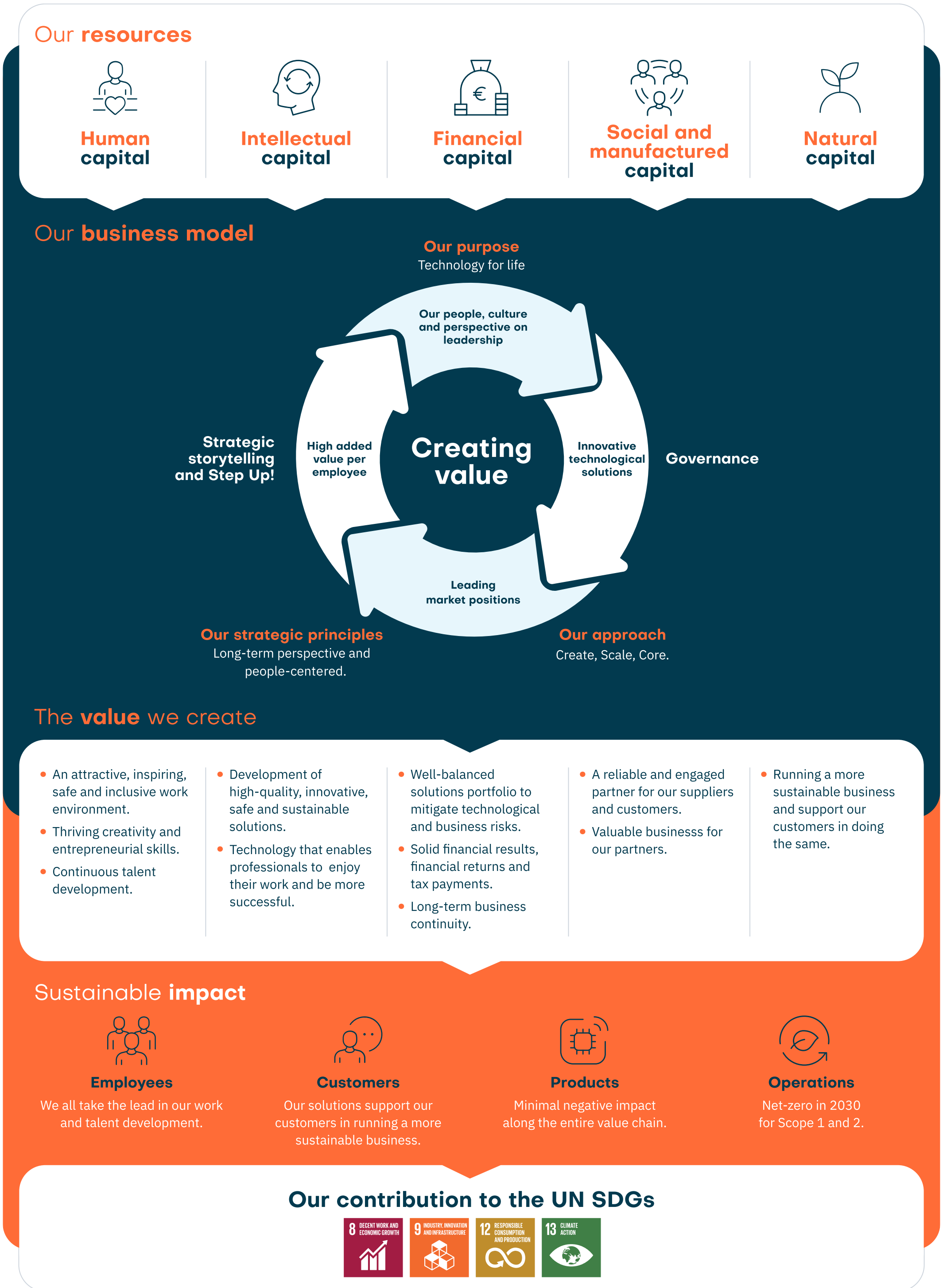
We take a long-term perspective in our strategic decision-making, with a focus on developing solutions with long-term value potential for our customers and our company.

We recognize that sustainability and our long-term perspective go hand in hand. We therefore set sustainability goals that are both ambitious and achievable, contributing to Nedap's resilience and continuity. Our sustainability policy consists of four focus areas: our employees, our operations, our products and our customers.



1.2 Value creation model

Our value creation model shows how we use resources to create value for our people and organization, our customers and end-users, and partners throughout the value chain. It also connects our purpose, strategy and Create, Scale, Core methodology to our sustainable impact. In this annual report, we provide insight into the financial and non-financial results of our value creation process.



Aldo de Jong *Team captain iD Cloud Retail sales team, Nedap*

“It has been incredibly fun and exciting to bring together the strengths and talents of the various cross-Nedap teams and to put together a movement aimed at mastering the subscription-based business within Nedap.”

By sharing knowledge and leveraging our combined insights, we have accelerated our ability to create recurring value for customers, colleagues and partners. This collective ambition to raise the bar and access expert knowledge exemplifies what makes working at Nedap so inspiring.

1.3 Our strategy

At Nedap, we strive for market leadership in every market we are active in. We focus on industries that offer a clear path to market leadership, a sustainable competitive edge, attractive financial returns and sufficient potential for organic growth. This, combined with our well-established and long-standing position in these markets, has led to the selection of Healthcare, Livestock, Retail and Security as our four key markets.

We capitalize on the growth potential of our key markets with innovative digital twin solutions. We commit to these solutions with the investments in research, development and commercial capabilities needed to fulfill that potential.

Digital twins

Digital twins are virtual representations of the physical world, whether it is people, animals, assets, processes or systems, that are critical to unlocking the potential of advanced technologies such as deep learning, AI and big data. That makes our focus on digital twin solutions a key element of our strategy.

Step Up! represents our ongoing, organization-wide efforts to step up our performance and hone our competitive edge as competition intensifies. It is a commitment to changing and improving the way we work to support our strategic ambitions. Step Up! involves setting a clear path forward, keeping our commitments and making optimal use of our collective knowledge, expertise and experience. By upholding our values Radically clear and Always deliver, we have laid a foundation for the structural acceleration of our growth. Our strategic driver Full Nedap Power is key to unlocking our full potential.

Nedap's business units' distinct capabilities offer a strategic advantage. Full Nedap Power is about maximizing our potential by uniting these capabilities and leveraging our collective resources. To this end, we are building a shared culture, identity and capabilities. In this way of working, we facilitate the exchange of knowledge and ideas, and we promote alignment between business units to enhance collaboration, improve efficiency and foster our culture.

Create & Scale growth strategy

Create & Scale is our strategy for achieving organic growth. It guides us in developing innovative solutions and scaling them to market leading positions, delivering lasting value. It also keeps us agile and ready to adapt. Create & Scale is built on three pillars: the Create, Scale, Core (CSC) methodology, scaling by surfing, and driving growth through market leadership.

- *CSC methodology*
  Our structured approach to developing new innovations while gaining market share with our existing solutions, clearly defining when to take what steps.
- *Scaling by surfing*
  The way we navigate the wave of changing market dynamics, from new customer needs to emerging technologies. We leverage our technological and market experience to identify these paradigm shifts, catching and surfing the right wave, to lead transformations rather than adapt to market changes. We follow this approach to achieve market share, and when we have achieved it, we leverage our credibility and customer references to strengthen our position.
- *Driving growth through market leadership*
  Expanding our customer base to new sectors and regions, while simultaneously growing our value per customer with new applications and features.

CSC methodology

The CSC methodology guides decision-making, the prioritization of efforts and allocation of resources across three phases of a solution's lifecycle. As solutions progress through these phases, it informs strategic investments in teams and infrastructure. With CSC, we also create insight into our solutions pipeline. By differentiating between create, scale and core, we gain a clear picture of our future growth opportunities, our current growth potential and our steady baseline. All solutions in the pipeline have long-term value potential.

Create

The primary objective in the Create phase is to validate the market potential of a new solution. We work with selected customers to ensure the solution offers strong competitive differentiation, and we remain flexible by returning to the drawing board if necessary. The end goal is to develop a validated, scalable business model with the first paying customers.

Scale

In the Scale phase, the focus shifts to gaining maximum market share. We only scale when market and technology readiness reach the right level. Once conditions are right, we expand sales, marketing and customer support, and design processes to be standardized and scalable. By scaling strategically, we maximize value while ensuring long-term success in the markets we serve.

Core

When a solution reaches maturity, it enters the Core phase. In this phase, we expand our focus to optimizing profitability and ensuring continued relevance in the market. We make strategic investments to align solutions with evolving customer needs and strengthen their long-term value. In doing so, we remain a positive force within our markets. The success of our Core phase in turn strengthens our ability to create and scale innovative solutions.

Maarten van Cauwenberghe *Managing Director FZE, Nedap*

"In the Middle East, success comes from building trust and nurturing long-term relationships."

Early client engagement, combined with the strength of our culturally diverse team representing eight nationalities, enables us to deliver tailored, future-proof solutions. This approach reflects Nedap's strategy of creating value, supporting transformative projects and building lasting partnerships in rapidly developing markets such as Saudi Arabia.

1.4 Our people

Our people drive the value we create. We balance our strategic objectives with reinforcing the characteristics of our culture that make us unique. In doing so, we contribute to sustainable growth, innovation and increased added value per employee.

Added value

We rely on exceptional people to develop products that, consistent with our purpose Technology for Life, meet needs, solve problems and bring significant benefits to people and businesses alike. The extent to which customers are willing to invest in products is directly tied to their perceived relevance and therefore value. Our people's contribution to that value is the reason we monitor added value per employee. It tells us how effective we are, as a team of more than 1,000 people, at turning our technological expertise and market insights into relevant and sought-after solutions.

Our emphasis on added value per employee is also indicative of our approach to compensation and benefits. We see our employees as treasured sources of value, therefore we engage in profit sharing. We believe this is not just the right thing to do but also leads to skin in the game, reinforcing our entrepreneurial spirit and incentivizing innovative ideas.

People development

Achieving commercial success and market leadership takes commitment and patience. We take a long-term perspective by investing in lasting relationships with our employees. We achieve this by creating an ecosystem that empowers people to take control over their personal and professional development, and by developing vital capabilities and leadership qualities for realizing Nedap's strategic ambitions. In doing so, we ensure that each employee is able to grow in their current role and in ways that add value to our collective success.

Nedap Academies

The Nedap Academies address three opportunities for advancing our Nedap strategy:

1. *Accelerate leadership*
   We emphasize leadership development and are intentional in succession planning to enhance organizational performance and move toward a more results-oriented culture. As part of our people strategy, we focus on leadership at all levels of the organization. We expect people to show personal leadership, regardless of their position.
2. *Building vital capabilities*
   We identify and develop the capabilities needed to secure our leading position in our key markets and seize new opportunities, focusing on both core and emerging technologies. Among other things, it is vital that we preserve and expand our technological know-how, and that we make the best possible use of this expertise. This is in line with the goal to make our collective knowledge and experience accessible to all.
3. *Advancing Nedap talents*
   We identify and support talent as they progress in their careers at Nedap in order to create meaningful experiences for our employees and build a high-performance organization.

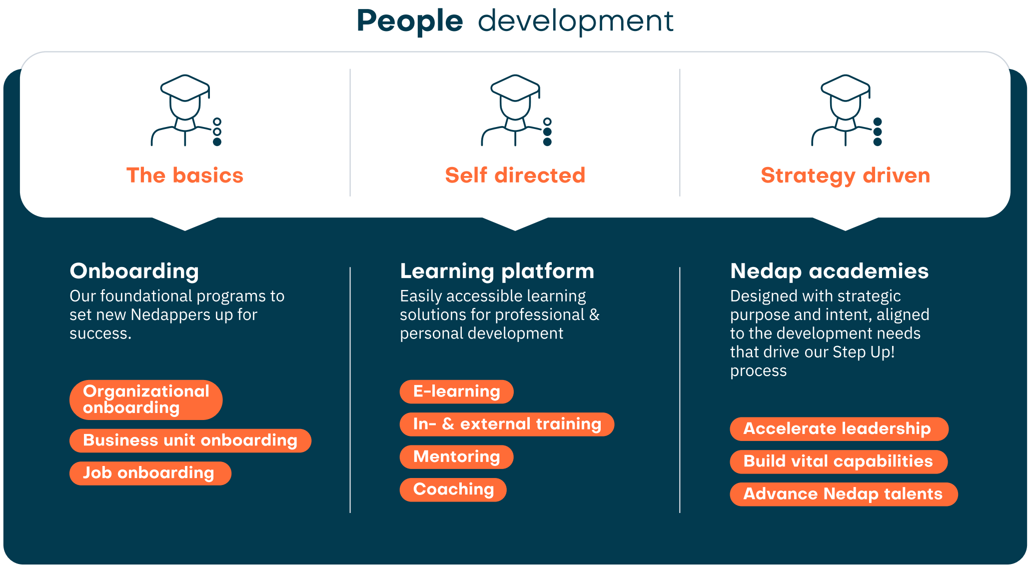
Jan-Willem Bouwmeester *Team captain People development, Nedap*

"We empower people to be the captain of their own ship."

At Nedap, entrepreneurship is at the core of how we operate. We empower people to be the captain of their own ship by providing the right tools, opportunities and a culture that fosters ownership and autonomy. Taking responsibility for your growth doesn't mean navigating it alone. We offer structured support through our Learning Platform, mentorships and practical toolkits. It is about creating an ecosystem where everyone feels equipped to shape their own development and contribute to our collective success.

Learning platform

We promote self-directed learning through the Nedap Learning Platform, which was launched in 2024. The platform enables our employees to take ownership of their own personal and professional development.



Onboarding

We offer an introduction program to familiarize new employees with the Nedap culture, values and way of working. Key topics include our code of conduct, Diversity, Equity and Inclusion (DEI), privacy, and security. After one year, employees participate in the Nedap Survival Skills program. The program equips new employees with the skills to navigate a culture that values and expects personal responsibility and entrepreneurship. In addition, we tailor the onboarding curriculum to the individual needs of employees.

In section 2.2 we report on the updates to our people development approach and our investments in programs and initiatives.

Culture

To step up our performance, we are cultivating a balanced culture that honors values such as trust, respect and inclusivity, and that emphasizes results and performance.

We aim to preserve our entrepreneurial spirit by encouraging individuals to take ownership of their projects and providing them with the space to achieve their goals and fulfill their responsibilities. We emphasize the importance of setting a clear direction, including shared principles and guidelines to inform our actions and decisions, and well-defined roles and responsibilities.

Diversity, Equity and Inclusion

At Nedap, DEI is integral to our strategic vision. We strive to embed DEI into every aspect of our organization, from our company policies to our daily operations. Our global DEI Story outlines our shared vision and values, while recognizing that our employees are located in different parts of the world, each with their own cultural, societal and geopolitical context. Therefore, we translate our global DEI story to local initiatives.

Our DEI focus areas are:

1. *Inclusive leadership, international mindset*
   We foster a culture of openness and acceptance by promoting cross-cultural understanding, with leadership serving as role models. We strive to build a diverse senior management team that reflects our commitment to DEI principles. As a global company, we focus on embracing an international mindset.
2. *Equitable global teams*
   We aim to foster collaborative and equitable partnerships across all business units and offices worldwide, embracing cultural differences to create an inclusive work environment. We expect our employees to embody our core values, while acknowledging the cultural, societal and geopolitical context of each region we operate in. Our commitment to equity extends to enhancing opportunities for women, remote workers and neurodiverse colleagues while actively cultivating diverse local leadership teams.
3. *Transparency*
   Our policy is to make Nedap information accessible to all employees in English. Transparency in internal hiring, promotion and decision-making contributes to equal opportunity. We seek to promote effective communication through the standardized use of English when appropriate.
4. *Gender balance*
   We strive for gender balance at all levels of our organization, aligning senior management representation with the overall workforce. Our commitment extends beyond traditionally gender-dominated fields, promoting diverse representation across our organization. We provide tailored support to help women advance, especially into senior management roles.

Lorin te Woerd *Market intelligence specialist Livestock and DEI catalyst, Nedap*

"Because Nedap's culture values ownership, I feel empowered to drive change, both as a Market intelligence specialist and a DEI catalyst."

I see my contribution as building vital bridges, bringing together diverse perspectives and ensuring that valuable insights are not only shared but actively utilized to drive meaningful outcomes. I believe that a broader, more diverse network not only enhances performance but also strengthens our ability to champion inclusion. It is inspiring to be part of a culture where taking ownership leads to personal growth and a collective impact that resonates across regions.

Employee participation and profit sharing

Nedap offers an employee participation plan, promoting a shared interest in the success of our company. Each year, Nedap N.V. distributes 6.5% of its pre-tax profits to its employees, who may use all or part of this profit to buy depositary receipts for shares (certificates). The Employee Participation Foundation (Stichting Medewerkerparticipatie Nedap) currently holds 3.6% of Nedap's share capital on behalf of the employees. In 2024, 76% of employees opted for the plan (2023: 74%).

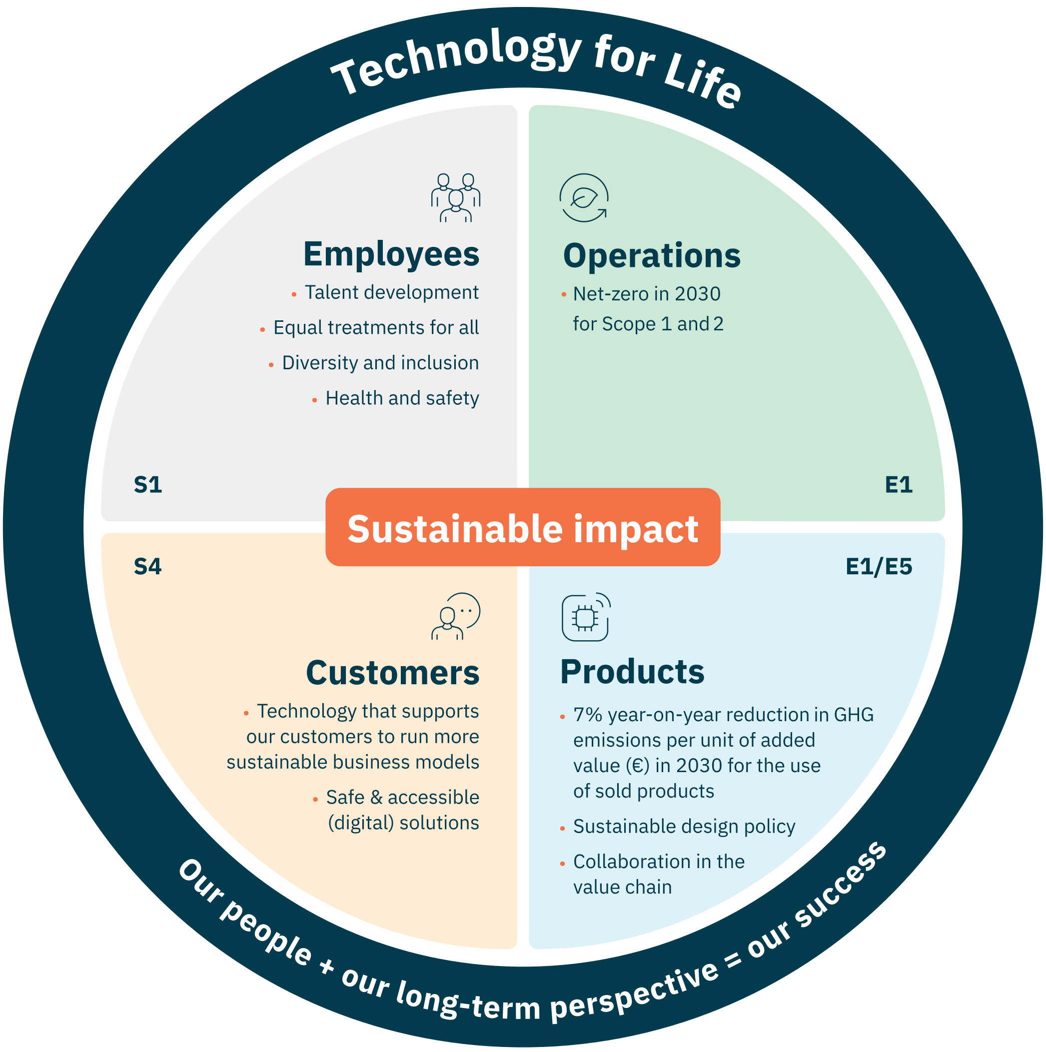
In addition, Nedap grants certificates to all employees through the Nedap Additional Participation Plan (NAPP) when profits exceed a set minimum. When Nedap's EBIT (earnings before interest and taxes, excluding one-off items) grows by more than 5% compared to the average of the past three years, Nedap distributes 40% of this excess growth to employees in the form of certificates. Certificates are subject to a four-year lock-up period. The EBIT threshold for 2025 is €28.8 million (2024: €29.1 million). In 2024 the threshold was not achieved, therefore no NAPP certificates will be granted over the financial year.

1.5 Sustainability

At Nedap, we make decisions with the future in mind. Our goal is to ensure business continuity by prioritizing the long-term stability of our company, our customers and the industries we are active in. We accomplish this by creating technological solutions that help customers make their business models more sustainable. In addition, we pay close attention to the well-being of our people and make efforts to minimize the environmental impact of our operations and production processes.

Our sustainability policy consists of four focus areas: our employees, our operations, our products, and our customers. We have established goals, targets and metrics or ambitions for each focus area, and we have established action plans at both the organizational and business unit level. In 2024, we aligned our sustainability policy with the material sustainability matters identified through our double materiality assessment. We provide detailed information on our double materiality assessment and our performance per material topic in the Sustainability statement, section 5.3 Material sustainability matters.

The figure below shows the link between our focus areas and (material) sustainability matters.



Our employees

We strive to be the preferred organization for top-tier talent by fostering a culture of growth and excellence, and we facilitate a working environment in which people feel safe, valued and empowered. We achieve this by offering extensive personal and professional development opportunities, translating our DEI vision into action and making procedural decisions aimed at enhancing gender diversity in our organization.

Targets

- Employees spend at least 40 hours on development per year.
- Achieve female representation in senior management by 2028 that aligns with the overall gender ratio of Nedap.

Our operations

We aim to minimize the negative environmental impacts of our operations related to our buildings and our vehicle fleet. We achieve this by investing in the sustainability of our buildings, purchasing green electricity and transitioning away from fossil-fuel-powered vehicles. For data processing and hosting of our SaaS solutions, we use data centers powered by green electricity.

Targets

- Achieve net-zero greenhouse gas (GHG) emissions for our own operations (Scope 1 and 2) by 2030.
    - Phase out the use of natural gas in our operations by 2030.
    - Phase out fossil-fuel-powered company vehicles by 2030.

Our products

We aim to lower the negative environmental impact of our solutions by reducing the GHG emissions of our products and increasing our focus on circularity. We achieve this by conducting product life cycle analyses (LCAs) and translating insights to targets and action plans to reduce GHG emissions, with a focus on minimizing emissions during the use phase of our products. In addition, we consider ways to reduce resource use.

Target

- Reduce the intensity-based GHG emissions of our portfolio, aligned with the Paris Agreement climate goals, by reducing product GHG emissions during the use phase, informed by the Science Based Targets initiative (SBTi).

Ambition

- Increase the circularity of our products through sustainable product design and collaboration across the value chain.

Our customers

We aim to maximize our positive impact by designing and developing solutions that help make our customers' business models more sustainable. We achieve this by considering the factors that contribute to the long-term health and success of our customers and the industries they are active in.

Ambition

- Develop solutions and functionalities with attention for their contribution to sustainability to help make our customers' business models more sustainable.

We report on our progress toward our targets and ambitions in section 2.3 Progress on our sustainable impact and chapter 5. Sustainability statement.

Stakeholders and materiality

In 2024, we updated our double materiality assessment (DMA). We benchmarked our approach against industry peers and relevant reporting frameworks. Next, we held multiple sessions with internal experts and business unit representatives to evaluate and refine our list of material sustainability matters. These were subsequently reviewed and approved by the Board of Directors and further validated through discussions with key external stakeholders. Please refer to the table in subsection 5.3.2 Material impacts, risks and opportunities of section 5.3 Material sustainability matters for the outcomes of this process.

We will regularly review and reassess our material sustainability matters. As part of this process, we will also reevaluate the stakeholder landscape, ensuring that we capture diverse perspectives and focus on the issues most relevant to Nedap and our long-term value creation ambitions. We will use various engagement methods, such as surveys, interviews and focus groups, to maintain an ongoing dialogue with our stakeholders. In doing so, we aim to create a feedback loop that fosters transparency and open communication, helping us advance our sustainability impact.

Stakeholder table

The stakeholder table outlines our key stakeholders, along with their respective engagement methods and ESG discussion topics.

Stakeholder	Interest	Influence	Impact	Strategies for engagement	ESG topics discussed
Employees	High	Medium	A two-way dialogue on ESG helps align employee values with sustainability goals while providing valuable feedback. It boosts engagement and encourages active participation, benefiting both employees and Nedap's ESG efforts.	Regular updates, involvement in decision-making processes, training and development programs.	Personal development, well-being & DEI, strategic updates, circularity of products, sustainability goals.
Customers	High	Medium	An open dialogue on ESG with customers helps Nedap align with their values, meet transparency expectations and stay competitive by addressing demands for sustainable practices while gaining valuable customer insights.	Customer feedback surveys, product demonstrations, business partner events, newsletters.	Product improvement, sustainability goals, customer satisfaction.
Investors and shareholders	Medium	High	Engaging investors and shareholders on ESG strengthens alignment with Nedap's sustainability goals and reinforces confidence in the company's long-term strategy.	Annual reports, shareholder meetings, financial performance updates, individual meetings.	Financial performance, strategic plans (e.g., Step Up!), DEI, progress on sustainability policy.
Suppliers	Medium	Medium	A two-way dialogue on ESG with suppliers ensures alignment with Nedap's sustainability standards while offering suppliers the opportunity to improve their practices and meet market demands for responsible sourcing. This collaboration fosters stronger partnerships and promotes mutual growth by building a more sustainable and resilient supply chain.	Regular communication, partnership agreements, performance reviews.	Regulatory compliance (e.g., CSRD, GDPR), sector-specific regulations, ESG ambitions and goals.
End-users and consumers	Medium	Low	A dialogue with end-users and consumers ensures alignment with sustainability goals, enhances trust and gives consumers a voice in shaping responsible product use. This engagement encourages more sustainable behavior, benefiting both Nedap and its end-users and consumers.	Support services, newsletters.	Ways to raise concerns, end-of-life instructions.
Government and regulators	Low	High	Regulatory compliance.	Compliance reports, participation in regulatory consultations.	Compliance.
Media	Low	Medium	Public perception and brand reputation.	Press releases, media briefings, proactive communication strategies.	Progress on ESG topics.
Competitors	Low	Medium	Market competition.	Market analysis, competitive intelligence, strategic positioning.	

1.6 Strategic ambition & financial goals

We aim for structural growth to secure a leading position in our markets and create long-term value. In this section, we report on our progress toward our Step Up! financial ambitions, and we lay out our objectives for the period 2025-2028 as announced at Nedap's Capital Markets Day.

One of the key principles of Step Up! is that we continuously and simultaneously work on strategy development and implementation. Our agility enables us to lead technical transformations and meet evolving market needs. At the same time, we have set a clear direction for our company and committed to ambitious targets for organic revenue growth, operating margin and return on invested capital (ROIC). These targets are supported by our Create & Scale growth strategy. We report on our 2024 performance in section 2.1 Progress on our strategy.

Financial objectives

The Step Up! strategy sets out our financial ambitions toward 2025, including an EBIT margin growing toward 15%, albeit with a one-year delay in reaching this specific target.

- *Revenue growth*
  Revenue that develops toward annual high-single-digit autonomous growth.
- *Operating margin*
  An operating margin, excluding one-off items, that rises toward 15%.
- *ROIC*
  Return on invested capital that outgrows profitability.

During the Capital Markets Day, held on 7 November 2024 at the Nedap Campus in Groenlo, the Netherlands, Nedap announced the following financial objectives for the period 2025-2028:

- *Revenue growth*
  Achieve high-single-digit, organic revenue growth.
- *Operating margin*
  Grow the operating margin, excluding one-off items, toward the mid-teens range.
- *ROIC*
  Attain a return on invested capital of at least 30%.

In recalibrating our targets, we underscore our ambitious organic growth objectives, while accounting for market volatility by setting a broader range for our operating margin target. In addition, we have adjusted and simplified our ROIC target to reflect Nedap's limited need for growth in invested capital, supported by the optimization of working capital and our continued transition toward an asset-light SaaS business model.

Financial position

We rely on our financial strength to make the investments in our workforce, innovation and commercial capabilities needed to achieve market leadership and deliver long-term value for people, the environment and our customers. We strive for our financial position to meet the following criteria:

- A solvency rate of at least 50% and a net debt-to-EBITDA ratio of no more than 1.5. Temporary deviation from this target is possible for strategic reasons.
- Profits are paid out to shareholders, after deduction of the amount needed for investments in profitable growth and the intended financial structure.

Science Based Targets initiative

In 2024, we made a public commitment to the Science Based Targets initiative (SBTi). We announced our objective to reduce GHG emissions in line with the Paris Agreement's goal of limiting global warming to 1.5°C above pre-industrial levels for operational (Scope 1 and 2) GHG emissions. For value chain (Scope 3) GHG emissions, we aim for a well below 2°C target. The validation process for our GHG emission reduction targets by SBTi will begin in 2025.

2. Activities & achievements 2024

2.1 Progress on our strategy

In 2024, we continued to implement the strategic cornerstones for achieving structural organic growth. Our purpose Technology for Life and ambition of achieving market leadership are firmly embedded in our organization. Our key market focus has resulted in a balanced portfolio, while new ways of working are strengthening cross-market collaboration.

Key market focus

We focus on our key markets, where we see a clear path to market leadership, and we concentrate our investments on solutions that offer tangible value for our customers. We have succeeded in creating a balanced and diverse portfolio that is aligned with our long-term growth objectives. Our annual report reflects this. In addition to establishing strong positions in our key markets, we continued to optimize and make strategic investments in our UV and Reader portfolios, initiating the integration of the Reader portfolio into our business unit Security.

The multi-year process of evaluating the growth potential of our solutions and creating focus required us to make difficult decisions, such as scaling down or phasing out non-key market activities, to reduce the complexity of our organization. In the process, we have created a more agile organization that is capable of adapting to market changes. Gross margins have improved, which is a key step toward achieving our financial objectives. At the same time, we have established a strong pipeline of innovative solutions.

Hidde Zijlstra *New business developer Retail, Nedap*

“Being part of the strategic taskforce has been incredibly insightful.”

Collaborating with the Board of Directors showed me how open Nedap is to different perspectives. Sharing my own experiences and shaping them into a long-term vision confirmed my passion for strategy and policy. The most rewarding part was seeing our discussions come to life in a clear, tangible strategy. It reinforced my belief that every voice at Nedap matters and helped me define my own path for growth within the company.

Milestones

We achieved several milestones in 2024. We reached €100 million in annual recurring revenue (ARR). Our recurring revenue (revenue from software subscriptions (licenses) and services) has grown steadily and organically, reaching €100.2 million in 2024. This is the result of a strategic shift toward recurring (SaaS) business models and our investments in Create & Scale solutions.

At the end of the year, growth strategies were in place for each key market. These growth strategies embody our purpose Technology for Life, our leading position in Digital Twin Technology and decades of experience in our markets. Our experience, credibility and global reach put us in the position to signal paradigm shifts and seize opportunities. Examples of our strategy in action include:

- Leveraging the Ons® Suite and MediKIT to maintain a leading position in the Dutch healthcare market and facilitate the transition to network care, while creating solutions such as the Nedap Luna to diversify the portfolio.
- Scaling Pace, our digital twin solution for the expanding physical identity and access management (PIAM) market.
- Integrating computer vision into the Nedap Now platform to strengthen Nedap's position in the livestock market, while introducing new business models for organic growth.
- Capturing growth opportunities driven by the retail market's rapid adoption of RFID and leveraging Digital Twin Technology for automation and traceability across the supply chain.

Section 2.4 of this annual report includes additional information on key market developments.

We remained dedicated to leveraging the collective experience, expertise and capabilities within the Nedap organization, with a focus on cross-market collaboration. Examples in 2024 were the introduction of communities for knowledge-sharing, such as *Mastering the SaaS business*.

Progress on financial targets

The Step Up! process sets the following financial targets toward 2025:

1. Revenue that develops toward annual high-single-digit autonomous growth.
   In 2024, revenue was down 4% compared to 2023. Excluding the impact of the strategic decision to scale down certain solutions, which represented an amount of €11.8 million in 2024 (€17.1 million in 2023), total revenue was down 2%. This lower revenue is mainly driven by slow market conditions within Livestock, as well as a strong comparison base related to catch-up deliveries in 2023.
2. An operating margin, excluding one-off items, that rises toward 15%.
   In 2024, the operating margin came in at 9.5%, compared to 10.4% in 2023. The lower revenue in combination with the costs associated with scaling down non-strategic activities has put pressure on our EBIT margin in the short term. We have limited our cost increases while continuing to invest in our scale solutions, a strategic choice reflecting our commitment to long-term growth and market leadership. We reiterate our ambition to grow our EBIT margin toward 15%, albeit with a one-year delay.
3. Return on invested capital (ROIC) that outgrows profitability.
   ROIC declined to 26% in 2024 from 31% in 2023, mainly driven by lower operating profit and higher invested capital.

2.2 Progress on our people

In 2024, we continued to invest in our people. Throughout the year, we focused on enhancing learning and development opportunities, talent identification and progression, and leadership development. In addition, we established a dedicated team to move our Diversity, Equity and Inclusion (DEI) ambitions forward.

Key figures

The Nedap organization grew to 1,041 people (999 FTEs) in 2024, an increase of 1.3%. We were able to successfully recruit new talent for our business units and Nedap-wide positions, despite the tight labor market. Turnover was 10.8%, which was in line with 2023 (10.6%). Turnover was primarily related to the scaling down of solutions, natural attrition (retirement) and workforce adjustments to better align our team with our strategic objectives.

Employees in 2024

Number of employees
1,041
2023: **1,028**

Number of FTEs
999
2023: **977**

Average age
40
2023: **40**

Male-female-other ratio

Male 73%
761
2023: **747** | 73%

Female 27%
279
2023: **280** | 27%

Other 0%
1
2023: **1** | 0%

Figures as of year-end 2024

Senior management
87% male 13% female

Board of Directors
67% male 33% female

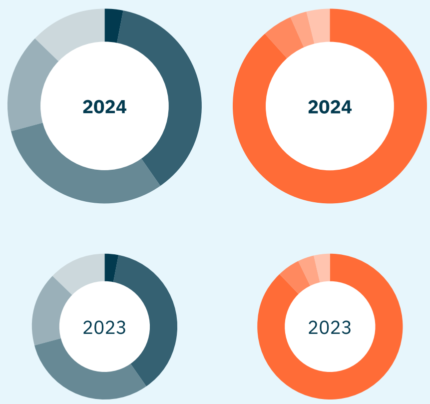
Supervisory Board
60% male 40% female

Inflow
125
2023: **209**

Outflow
112
2023: **101**

Sick leave
3.3%
2023: **2.9%**

Age distribution | **Geographical spread**



≤ 25
26-35
36-45
46-55
≥ 56

Netherlands
Other Europe
Asia
North America

People and talent development

In 2024, we further aligned our people and talent development approach with our strategic ambitions, identifying three opportunities: accelerating leadership, building vital capabilities and advancing Nedap talents. We continued to expand our portfolio of foundational programs, self-directed learning solutions and Nedap Academies, with the goal of creating a learning ecosystem that enables people to take the lead in their own development. In expanding our offer, we focus on relevance, accessibility and scalability. In addition, we increasingly prioritize internal programs to leverage our own expertise and facilitate knowledge-sharing, creating development opportunities for and by Nedap employees.

Accelerating leadership

We seek to support our employees in demonstrating personal leadership, regardless of their role in the organization. In 2024, we built on our Nedap Leadership Framework, which articulates our leadership vision, to create leadership profiles. For each profile, we have identified accountabilities and responsibilities, their potential challenges, and the skills they need to succeed in their role. The purpose of this initiative is to make our leadership vision explicit and unambigious, with clear expectations and actions.

The Leading Professionals program, launched in 2024, helps employees to develop these essential leadership skills. The Leading Professionals program is a direct response to employee requests for a more skills-focused approach to leadership development. Employees have access to a comprehensive training curriculum focused on practical and everyday skills, such as clear and effective communication and managing difficult conversations.

Building vital capabilities

We offer several Nedap Academies to build vital capabilities. In 2024, more than 400 people participated in our Tech Academy, which consists of in-person and online trainings provided by Nedap employees as well as external experts. The program offers four tracks: a future track related to emerging skills such as artificial intelligence, an expertise track focused on core skills, a professional track emphasizing project-related skills, and a ‘train the expert’ track dedicated to didactic skills. The annual TechKnow Event is an integral part of the Tech Academy. It is hosted for and by Nedap employees, with Nedap experts sharing their expertise through tech talks, workshops and meetups across functional and business unit boundaries. The theme of the 2024 TechKnow Event was 'In the world of knowledge, there are no limits'.

Another key milestone in 2024 was the launch of our learning management system, the Nedap Learning Platform, to facilate knowledge-sharing and promote self-directed learning. The platform shows all available personal and professional development programs within Nedap in one overview and allows employees to access training materials at any time. There are also dedicated sections, such as the Tech Academy, designed to support employees in continuing their learning independently. We will continue to expand our portfolio with training content to meet the development needs of our employees.

Advancing Nedap talents

Within talent management, there was significant attention for succession planning. We aim for a well-balanced workforce by advancing internal candidates into leadership roles and attracting external candidates to bring in new ideas. In addition, we focus on organizational stability and business continuity. In 2024, we implemented a more data-driven approach to succession planning, identifying potential successors for 84% of our key positions. As part of the process, we conducted leadership potential assessments and estimated time-to-role. We focused specifically on increasing the proportion of women in leadership positions. We will use the insights from the succession planning process to help facilitate leadership progression.

Additionally, we developed a job family framework to support annual reviews and goal-setting discussions. The framework will be implemented in 2025 and will provide insight into advancement opportunities within Nedap, as well as the training and tools available to pursue those opportunities.

Claudia van Triest *Team captain Recruitment, Nedap*

“Our recruitment strategy is focused on attracting and retaining top talent that aligns with our values and vision.”

By promoting inclusiveness, focusing on fostering diverse talent and increasing the representation of women in leadership roles, we are building a resilient organization that fosters innovation, collaboration and long-term success. We ensure that our recruitment efforts are aligned with both day-to-day needs and organizational growth, reinforcing Nedap's commitment to sustainable development.

Diversity, Equity and Inclusion

The introduction of our DEI vision and subsequent DEI policy in 2023 underlined Nedap's commitment to prioritizing DEI efforts. In 2024, we took the next steps by establishing a DEI core team comprised of a DEI lead and key market representatives dedicated to translating our policy into action. In parallel, we adopted DEI principles in our HR strategy and continued existing DEI programs.

The establishment of a core team is a significant step forward for Nedap. It fosters ownership and ensures the necessary time and resources to advance our DEI vision. The members of the core team are both ambassadors and catalysts who bring attention to DEI and inspire and facilitate action around DEI. They take on this role in addition to fulfilling their regular responsibilities.

Focus on inclusion

The core team focuses on fostering a more inclusive work environment. We consider inclusion central to our DEI vision. In order to be inclusive, we must ensure workplace equity, and by being inclusive, we are able to attract and retain more diverse talent.

The job family framework is also expected to contribute to a more inclusive organization. By making it transparent what positions employees may be able to grow into and how, the framework creates a level playing field.

In 2024, we followed up on the in-depth interviews held with 30 female employees in 2023 by conducting a survey among our entire female staff. The purpose of these assessments is to explore how we can better facilitate and support female leadership development. 176 women (approximately 60% of the women at Nedap) completed the Women Leadership Initiatives survey. The survey results provided valuable insights into the priorities and needs of women at Nedap. It also led to several recommendations regarding leadership programs and structural workplace improvements. We will use these insights to develop targeted actions in 2025.

Leadership

Leadership is an essential element of an inclusive organization. In 2024, we made several procedural decisions aimed at enhancing gender diversity, not just within the Board of Directors and the Supervisory Board, but also within senior management. As of 2024, gender diversity is a standard topic in annual leadership reviews. We also updated our hiring policy for senior management positions, requiring that the long list of candidates consists of 50% men and 50% women.

In addition, we have broadened our definition of leadership, which means our hiring policy will now apply to more leadership positions. This change also allows us to include a larger pool of employees in our succession planning, ensuring we consider gender diversity when selecting potential successors and actively support diverse talent in advancing into leadership roles.

Trainings and initiatives

We continued to offer DEI trainings, focused on three themes: unconscious bias, cultural intelligence and ambassadors for inclusion. In 2024, 75 employees participated in a DEI training. We also organized several initiatives around diversity and inclusion. In recognition of Pride Day, we invited employees to participate in a panel discussion. Two employees from the LGBTQIA+ community answered questions submitted anonymously by their colleagues during a Q&A session. Externally, we partnered with social enterprise AutiTalent, which employs individuals on the autism spectrum, to assist with the further digitalization of our HR files.

Employee engagement

We worked with an external partner to reimagine our approach to employee engagement surveys, involving the introduction of more frequent and shorter pulse surveys. These surveys have several benefits, such as making participation easier, encouraging higher response rates and providing ongoing insight into the employee experience. This enables us to identify issues early and respond proactively, contributing to an open culture in which people are comfortable sharing their opinions and feel heard.

In January 2025, we carried out our first engagement survey using this approach. The survey served as a baseline measurement, enabling us to track future progress and changes in engagement. In addition to comparing engagement over time, it also allows us to benchmark our performance against the top 25% of best-scoring technology companies globally. The survey had a 79% response rate and revealed an overall engagement score of 8.1, placing us around the top 10% of best-scoring technology companies worldwide. This reflects the high level of connection and motivation our employees feel toward our organization.

2.3 Progress on our sustainable impact

Nedap stepped up its sustainability efforts in 2024, resulting in a comprehensive review of our sustainable impact. We expanded our sustainability team to drive our strategic ambitions forward, in close collaboration with our business units. At the same time, we prepared for the stringent compliance requirements of the Corporate Sustainability Reporting Directive (CSRD).

This annual report marks the first time that Nedap is reporting in accordance with the CSRD. The purpose of the EU directive is to promote accountability for environmental, social and governance impacts. In this chapter, we present a high-level overview of our sustainable impact in 2024. For additional information, we refer to the full Sustainability statement in chapter 5. The sustainability statement has been prepared and presented in accordance with the European Sustainability Reporting Standards (ESRS).

Anne Zwijnenberg & Peter te Plate *Sustainability team members, Nedap*

“We take great pride in improving our self-developed GHG tool, which enhances our alignment with CSRD requirements and provides deeper insights into our emissions.”

By 'speaking the same language' as other companies, we improve data comparability and pinpoint where we can drive the most significant sustainability impact across the supply chain. Assigning responsibility for these processes to two people has been a game changer, strengthening the depth and accuracy of our GHG data. This collaborative approach gives us a solid foundation to build on for the future.

Balancing CSRD compliance with strategic progress

The double materiality assessment (DMA) conducted in 2023 and updated in 2024 resulted in five material topics, further detailed into seven impacts, risks and opportunities:

1. E1 Climate change - Climate change mitigation & energy
2. E5 Resource use and circular economy - Resource outflows related to our products
3. S1 Own workforce - Diversity
4. S1 Own workforce - Training and skill development
5. S4 Consumers and end-users - Privacy and data security
6. G1 Business conduct - Corporate culture & transparency
7. G1 Business conduct - Management of relationships with suppliers

These topics and subtopics inform our reporting scope under CSRD. In 2024, the sustainability team involved subject matter experts from across the organization to prepare for compliance with CSRD. During the year, we established our reporting framework, determined company-wide objectives, targets and metrics related to material sustainability matters, and collected non-financial performance data.

The DMA showed that Nedap's strategy is aligned with the sustainability matters most material to our internal and external stakeholders and to our ability to create long-term value. To further advance our climate transition plan, we have committed to Science Based Targets initiative (SBTi) targets. The validation of these targets by SBTi will begin in 2025. The CSRD has also expedited our efforts to draft a Sustainable design policy, with a focus on decarbonization and circularity, which will be expanded upon with circularity targets for product design and development.

Sustainable impact in 2024

We continued to work toward our 2030 targets across each of our focus areas: our employees, our operations, our products, and our customers. Furthermore, there were clear examples of our sustainable impact in action in each of our key markets.

1. Our employees

Targets

- Employees spend at least 40 hours on development per year.
- Achieve female representation in senior management by 2028 that aligns with the overall gender ratio of Nedap.

Development

In 2024, 42% of 547 Nedap employees who participated in our questionnaire reported spending at least 40 hours on their personal and professional development (2023: 52% of 571 respondents). The introduction of the Nedap Learning Platform in 2024 will enhance our insights into employee training moving forward.

Gender diversity

In 2024, women made up 13% of senior management, compared to 27% of the overall workforce. Our definition of senior management can be found in subsection 5.10.4 Senior management in section 5.10 Sustainability notes.

We are taking various steps to facilitate the advancement of female colleagues into leadership positions. The Women Leadership Initiatives survey of our female staff described in section 2.2 Progress on our people will guide the development and implementation of tailored interventions in 2025. This is needed to achieve our goal of bringing female representation in senior management in line with the overall gender ratio of Nedap. The original goal was set for 2025. Following an assessment of what is realistically achievable, we have revised the timeframe to 2028.

Nedap has also set a gender diversity target for the Board of Directors, aiming for at least one-third male and one-third female representation. For the Supervisory Board, we adhere to the statutory requirement of at least one-third male and one-third female representation. In 2024, our Board of Directors consisted of one woman and two men, while our Supervisory Board included two women and three men.

2. Our operations

Targets

- Achieve net-zero greenhouse gas (GHG) emissions for our own operations (Scope 1 and 2) by 2030.
  - Phase out the use of natural gas in our operations by 2030.
  - Phase out fossil-fuel-powered company vehicles by 2030.

GHG emissions and energy use

We are working toward net-zero GHG emissions in our operations (Scope 1 and 2) by 2030. We express GHG emissions in CO_2 equivalents (CO_2e). In 2024, we renovated a total of seven buildings in Groenlo, the Netherlands, adding insulation and equipping two of our buildings with additional solar panels. With these investments, we aim to phase out our use of natural gas, lower our overall energy consumption and generate electricity on-site to meet our energy needs.

The figure below shows the downward trend of our gas consumption year-over-year, with the exception of 2021 due to a cold spell. While such outliers remain possible, we remain on track toward our goal.

	2020	2021	2022	2023	2024
Average number of FTEs	741	775	829	921	996
Scope 1 and 2 GHG emissions per FTE (market based, in $kgCO_2e$)	1,152	1,255	992	936	761

In the Netherlands, the issue of electrical grid congestion is limiting the availability of power to meet growing demand, for example related to our increased use of electricity-powered heat pumps and electric vehicle (EV) charging stations. As a result, we continue to rely on gas-heating systems on cold days. In 2024, grid congestion also began impacting our ability to feed excess electricity back into the grid. On sunny days, we had to scale back our solar installation output to 80% of generated solar electricity, resulting in the remaining electricity going to waste. Grid congestion and imbalances, leading to either a shortage or surplus of renewable electricity, could jeopardize our goal of phasing out our use of natural gas and achieving net-zero GHG emissions by 2030.

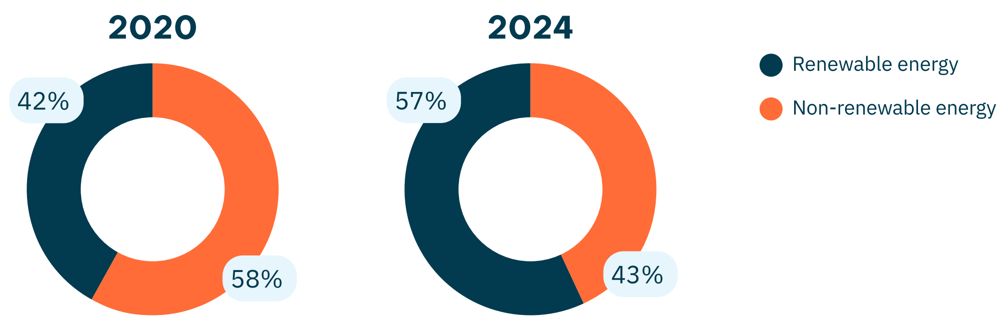
GHG emissions (tCO_2e)	2020	2021	2022	2023	2024
Scope 1 Stationary combustion	393	512	319	280	250
Scope 1 Mobile combustion	414	415	457	484	416
Scope 1 Refrigerants				50	40
Scope 2 Purchased electricity (market based)	47	46	47	48	51
Total Scope 1 and 2 (market based)	**854**	**973**	**823**	**862**	**757**

Phase out fossil-fuel-powered company vehicles

We will phase out fossil-fuel-powered company vehicles by 2030. By the end of 2024, 57% of our fleet was electric or hybrid (2023: 53%). Because of our policy to purchase only EVs starting in 2025, we will have transitioned to a non-fossil-fuel-powered fleet by the start of 2030.

Renewable energy

The figure below presents an overview of our Scope 1 and 2 energy consumption, detailing the percentage of renewable energy used in our baseline year (2020) and in 2024. The graph illustrates the impact of our sustainability initiatives over the past years, including the increased use of green electricity, improvements in the sustainability of our vehicle fleet, reduction in gas consumption and enhanced energy efficiency at our headquarters and subsidiaries. This reflects our continued commitment to reducing our environmental footprint. Additional information is included in subsection 5.5.5 Energy consumption and mix in section 5.5 Climate Change.



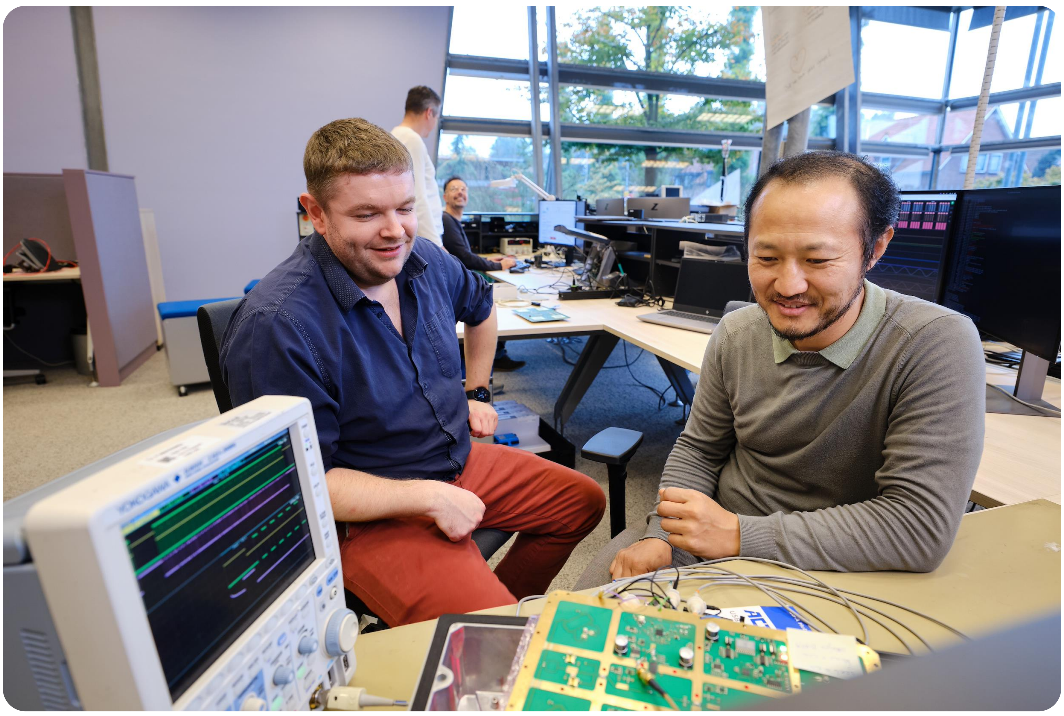
3. Our products

Target

- Align our portfolio with the Paris Agreement climate goals by reducing product GHG emissions during the use phase, informed by the Science Based Targets initiative (SBTi).

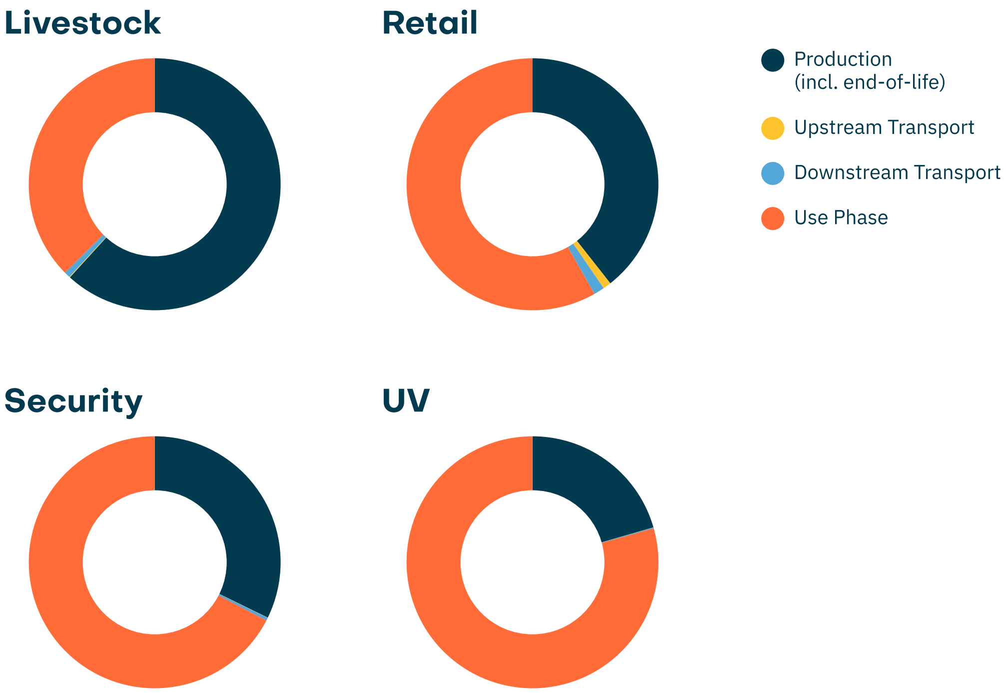
Ambition

- Increase the circularity of our products through sustainable product design and collaboration across the value chain, with a focus on product lifespan and recycling.



Product GHG emissions

Nedap has conducted a comprehensive analysis of its Scope 3 GHG emissions. To evaluate our product-related Scope 3 GHG emissions, we developed a science-based and scalable method for life cycle analyses (LCAs). The new method relies on cluster analyses, based on carefully selected product attributes, to offer more granular and accurate insights into the environmental impact of our portfolio. The LCA process evaluates the 'cradle-to-grave' GHG emissions. These are GHG emissions from the production of the product, including the extraction of raw materials, to its transportation, use and disposal.



In addition, we conducted a feasibility study on reducing our Scope 3 GHG emissions in line with the well-below 2°C climate target. Our LCAs have consistently indicated that the majority of our product GHG emissions occur during the use phase, and that reducing the power consumption of our products will have a significant impact on our carbon footprint. Following SBTi guidelines, we set science-based targets that provide a viable pathway to a Paris-proof portfolio.

At a Nedap-wide event in May, we shared our intention to commit to SBTi with our organization. During our Capital Markets Day in November, we made a public commitment to the SBTi targets for reducing GHG emissions throughout our value chain. In addition, the business units began working on their reduction plans, which involves making strategic portfolio decisions by re-evaluating solutions with an unfavorable CO_2e to added value ratio, and strategic choices about essential product functionalities, integrating smart energy-saving features such as sleep mode, and selecting energy-efficient components.

The sustainability team worked with the business units to develop their reduction plans and assess their contribution to Nedap-wide targets as well as the resources required for implementation. The plans were finalized in October 2024 and incorporated into the annual forecasting and budgeting process. Moving forward, this will be a standard part of the process. This initiative will help us move toward a fully integrated approach that balances financial and sustainability outcomes.

Circularity

In 2024, the sustainability team drafted our Sustainable design policy for new solutions. We will determine our actions and targets in 2025. Rather than imposing rigid design standards, the policy will help us weigh the impact of design decisions on our environmental impact. These include decisions such as selecting materials based on their recyclability and designing for repairability. The primary focus of the policy is to design high-quality products that meet customer expectations regarding lifespan, can be easily repaired, have potential for a second life and are optimally recyclable at end-of-use. In previous years, business units initiated various circularity initiatives, working for example with value chain partners to facilitate the repair of defective products, and making targeted investments in software updates to make our solutions future proof.

The data collected to conduct our product LCAs, and the planned implementation of the Sustainable design policy help us to prepare for compliance with upcoming regulations, such as the Ecodesign for Sustainable Products Regulation (ESPR). The ESPR aims to improve the sustainability of products sold in the EU by setting design and performance standards. The LCA data, including product components, materials and their characteristics, will serve as the basis for the digital product passport, a key element of this regulation.

The Circular Circuits research project, an initiative by TU Delft with funding from the Dutch Research Council (NWO), has entered its second year. The project involves partners from across the value chain who are working together to develop next-generation electronics based on circular economy principles. As Nedap, we bring our expertise in creating complex electronics for diverse global markets. Through this project, we aim to remain at the forefront of circular electronics and work toward sustainable business models.

Jules Wijnhoven *Project lead Circularity, Sustainability team, Nedap*

“My biggest challenge was navigating uncharted territory.”

While every Nedapper knows that we make energy-efficient, long-lasting products, we had not reported on circularity before, nor had our competitors. This made it hard to compare, align definitions and set targets. For example, weight is often used in circularity, but in electronics, it is usually the components that break. Therefore, using weight as a metric for repairability is not logical. Instead, we have focused on the number of functional components that can be replaced. Now that we have clarified these definitions and completed the baseline assessment, we are further developing our Sustainable design policy in 2025 and working toward a more circular hardware portfolio.

4. Our customers

Ambition

- Develop solutions and functionalities with attention for their contribution to sustainability to help make our customers' business models more sustainable.

We regularly engage in discussions with our partners and customers to identify opportunities for making their business models more sustainable. These conversations focus on understanding their ambitions, goals and expectations related to sustainability, including what they expect from Nedap. In addition, we are preparing to launch a comprehensive customer survey on sustainability, allowing us to proactively identify challenges and needs and to develop targeted solutions.

Sustainable impact in our key markets

Healthcare

We are committed to using technology to keep healthcare in the Netherlands accessible and affordable. The aging population, growing demand for care and shortage of qualified personnel are putting increasing pressure on the healthcare system. Network care, which relies on a coordinated and collaborative approach to care, is gaining traction and is expected to contribute to the long-term viability of the healthcare system. With the integration of MediKIT in 2024, we began offering solutions for the general practitioner sector, which in addition to our products for information exchange and cross-organizational collaboration will help facilitate the transition to network care.

Nedap remains actively involved in the Nuts initiative, which is dedicated to enabling and expanding cross-organization data exchange without a commercial business model. As a co-founder, Nedap played a key role in developing and investing in the open-source platform. Today, Nuts operates under the governance of Stichting Nuts. In addition, Nedap continues to provide patients and informal caregivers with access to the Caren portal free of charge, enabling them to effectively manage their care needs.

Livestock

The expansion of our Livestock portfolio is providing dairy farmers with an increasing number of tools to monitor cow welfare, take preventative actions to avoid health issues and provide individual cow treatment. Solutions that improve cow productivity such as the SmartFlow milk meter help meet the challenge of increasing milk production while lowering the carbon footprint. The introduction of Vision Locomotion in 2025 will aid in the early detection and treatment of lameness, one of the biggest health issues affecting dairy cows.

Retail

We introduced a sleep mode feature for our Retail products, which can reduce energy consumption by 30% or more during idle periods. The development of this new firmware feature was a result of the LCAs conducted of our hardware solutions. All products released in the past ten years support this firmware update. We have informed customers of its availability, explaining the potential for significant energy and cost savings. We provided practical guidance for activating our sleep mode feature at our partner event in 2024. Through our events and support activities, we aim to engage our business partners in advancing the sustainability of the supply chain. We will continue these efforts in 2025.

In addition, we are investigating opportunities to leverage our iD Cloud platform and RFID data points to optimize production planning and align stock levels with actual demand, reducing surplus inventory and therefore waste in the value chain.

Security

In Security, we aim to reduce the energy consumption of our hardware portfolio in alignment with Nedap's sustainability goals. The analysis of our products revealed that the greatest impact can be achieved by focusing on our controllers. As a result, we are prioritizing efforts to enhance the energy efficiency of our controllers, while maintaining their high standards of quality and durability.

Looking ahead

The work done in 2024 to prepare for compliance with the CSRD and develop a clear pathway for reducing our value chain GHG emissions in line with the Paris Agreement climate goals has laid a strong foundation for the years ahead. We have translated our GHG emission reduction objectives into concrete plans for each key market and incorporated investments into our budgeting cycle, positioning us to begin executing these plans in 2025. In the year ahead, we also plan to implement our Sustainable design policy, an important step in enhancing the circularity and reducing the GHG emissions of our solutions. A key priority is enhancing our understanding of our customers' sustainability challenges so that we can continue to increase the relevance of our solutions and further contribute to the sustainability of our customers' business models.

2.4 Key markets

Healthcare

Our Healthcare business unit develops and markets SaaS solutions and care technology products that support healthcare institutions in the Netherlands in planning, registering and administering care processes. With our solutions, we work toward a healthcare system that is accessible, affordable and sustainable.

Market developments

The Dutch healthcare market remains under pressure as a result of the aging population and labor shortage, with more people who need care and fewer people to provide that care. This trend is visible across the entire healthcare sector. There is a growing recognition that the care system needs to change in order to address these challenges. This change involves creating a more interconnected healthcare system, characterized by collaboration among care providers and with informal care givers (e.g., family members), and optimized workflows to make working in healthcare more meaningful and enjoyable. The systems currently in use are unable to meet the need for cross-organizational collaboration.

Network care as a new operating model for delivering and coordinating healthcare is gaining traction and presents a fundamental market change. The transition to network care relies on seamless information exchange among care providers, enabling cross-organizational collaboration. General practitioners (GPs) play an important role by serving as gatekeepers and care coordinators. If successful, network care will contribute to a more sustainable healthcare system.

Highlights

Nedap has a leading position in elderly care, disabled care, mental healthcare and domestic help in the Netherlands. We continue to achieve consistent growth in our market position, as reflected in the increase in our revenue in 2024. This is driven by high customer retention, the addition of new customers and the expansion of our service offering to existing customers. The Ons® Suite in particular continues to be a growth engine for the Healthcare business unit.

We are investing in the integration of AI into our solutions due to its potential to significantly reduce the administrative workload of healthcare professionals, allowing them to spend more time on work they find meaningful. In 2024, we incorporated speech-to-text technology into the Ons® Suite.

The integration of MediKIT was an important milestone. MediKIT supports our ambition to establish a leading position in the GP sector. The expansion of our portfolio with solutions for the GP sector also helps us to better facilitate the transition to network care. In 2024, we made significant investments to enhance the scalability of MediKIT and expand its functionality. The information system is gaining traction, and the scaling of the solution will be a focus in 2025.

We scaled up Nedap Luna in 2024. Luna is an electronic day calendar for people with cognitive disabilities such as dementia. It helps people to effectively manage activities of daily life by presenting the information they need, when they need it. The solution has been proven to contribute to greater independence and reduce pressure on the (informal) care system. As of 2024, Nedap Luna is covered by most health insurance providers.

Organization

In 2024, we held conversations with customers and sector organizations to develop a strategic roadmap that reflects both our innovative product vision and evolving market needs. This process resulted in our first integrated development roadmap for the healthcare market as a whole. The roadmap reflects our ambition to provide solutions that facilitate the transition to an integrated healthcare system, in which providers work together to coordinate care. It also provides the long-term perspective the sector needs to advance this transition and helps clarify expectations on all sides, supporting alignment throughout the process

Outlook

We expect to strengthen our position in each of our sectors, supported by the success of our Ons® Suite and the scaling of Nedap Luna and MediKIT. In addition, we expect to make further progress in the integration of AI into our solutions. We will continue to invest in new capabilities for the healthcare market in collaboration with integration partners, while navigating the complex and still evolving regulatory landscape. Our revenue outlook is positive, and we have set ambitious growth objectives to continue our upward trend.

Erik Brait *Functional Administrator, Amarant*

“In Nedap Ons®, everything is conveniently brought together in one place.”

The care plan, a functionality in Ons®, provides a clear overview of all the questionnaires. From there, you can instantly generate reports, retrieve key information, and track goals. When set up properly, it ensures that everything is accessible in one central location: the plan.

Livestock

Nedap's Livestock business unit develops and markets sensor-based cow monitoring and management solutions that improve life on the farm. Through our network of global and local business partners, we reach and service dairy farmers globally.

Market developments

The dairy industry faced considerable headwinds in 2024. Dairy farmers worldwide were confronted with high feed costs, low milk prices and higher borrowing costs. These conditions had a negative impact on the investment appetite, resulting in lower demand. The recovery of the livestock market in the second half of the year as projected by Nedap, our business partners, knowledge institutions and major banks, materialized later than expected. The Chinese market faced the greatest challenges, as a slow economy dampened demand for higher-priced foods, including dairy products. Higher forecasted milk prices and reduced costs, partly due to lower interest rates and feed expenses, are expected to positively impact investment willingness and lead to higher demand. In the second half of 2024, we started to see the first signs of the market improving.

Demographic and macro-economic trends point toward the long-term growth of the global demand for dairy. Milk demand is expected to increase by 50% by 2050, and the number of cows on professional farms is projected to double. The dairy industry faces the challenge of increasing milk production amid external pressures, including labor shortages and sustainability concerns. In recent years, the industry has come under increased scrutiny for its impact on the environment and cow welfare. As a result, farmers are looking for solutions to improve cow productivity, optimize cow welfare and lower their carbon footprint. Technology plays a vital role in solving this challenge. The exponential growth of herd sizes globally adds to the urgency of adopting technology to monitor and address the needs of each cow and improve herd well-being and performance.

Highlights

Revenue within Livestock was down in 2024 compared to 2023. This was driven by the clearing of our delivery backlog, a slowdown in demand and destocking by our business partners. At the same time, we saw the growth of our Nedap Now platform, with more customers subscribing to our cloud-based solutions.

Our investments in the Nedap Now cloud platform are strengthening our market position by providing a scalable solution for multi-site dairy operations. Our business partners and their customers—the end-users of our solutions—have provided positive feedback on the quality of our solutions. The level of service that we are able to provide through the platform, including detailed reporting and extensive integration options, is improving our competitive position. Consistent with our strategic plan, we have leveraged the platform to accelerate the introduction of new features, such as Heat stress and Fertility insights.

The platform also enables new business models, including SmartTag-as-a-Service. The introduction of this new flexible pricing model has resulted in a larger serviceable market, especially in North America. In addition, we expanded our range with the SmartTag Ear in order to reach farmers who prefer the use of ear tags over neck tags.

We continued the integration of AI into Nedap Now. In 2024, we conducted a technical and commercial validation of our first computer vision solution for cow health and welfare monitoring, named Locomotion. Locomotion uses video to detect lameness in cows, enabling farmers to respond early and adequately. We aim to launch Locomotion in 2025. When combined with SmartTag and integrated into Nedap CowControl, Locomotion will further improve farmers' ability to manage individual cow health.

Due to our extensive technology suite, we are well positioned to address the demand for comprehensive farm and cow management systems, particularly in areas with large-scale dairy farms such as China, the Middle East and the United States. Throughout the year, we continued to work toward an end-to-end solution for this target group, which encompasses the SmartTag for cow monitoring and identification, the SmartFlow milk meter to measure milk yield and improve udder health, the Nedap Now platform for data-driven, actionable insights and multi-site management, and the SmartSort gate to automatically sort cows that require treatment or attention.

The rollout of the SmartFlow milk meter continued in 2024. The solution has proven to add value to farmers by streamlining the milking process and contributing to udder health and cow comfort.

Organization

In recent years, we have sharpened the focus of our livestock activities. We made a strategic decision to establish a dedicated Expansion Team focused on future growth opportunities, and a Dairy Organization focused on the ongoing development and scaling of our existing solutions. The Expansion Team’s scope covers technology, business models and adjacent markets, including our expansion into Vision.

Within the Dairy Organization, we have created focus by defining seven key countries—Brazil, China, France, Germany, Ireland, New Zealand and the United States—and by differentiating between three end-user categories: grazing, family and XL. We are actively engaging farmers in these countries and categories to gain a more comprehensive understanding of their needs. As part of this effort, the business unit continued its discovery tour in 2024, visiting diverse farms in these countries. In addition, we invested in local teams and announced the opening of a Nedap subsidiary in New Zealand. The boots-on-the-ground approach enables us to adapt and respond to evolving customer needs, as well as strengthen our business partner relationships.

To further support our business partners, we made significant improvements to our partner portal. Additionally, we continued to train and support our partners through the Nedap Academy. This combination of local support and (online) resources enhances the capabilities and confidence of our business partners, enabling us to better reach and service farmers.

In the Netherlands, Nedap invested in the further automation of its Nedap Smart facility in Groenlo. The new SmartTags production line is expected to be operational in 2025 and will enhance our production capacity and speed. The Nedap Smart team and Livestock business unit also worked closely together to better align supply with demand. As a result of these efforts, we maintained control of our inventory, even when market conditions fell short of our forecasts.

Outlook

As a global market leader, Nedap is well positioned to capitalize on the long-term growth potential of the livestock market. We have created a portfolio that meets the current and evolving needs of farmers and integrates with the portfolios of our business partners. In the year ahead, we will focus on scaling our Livestock activities, with an emphasis on aligning our research and development and commercial approach with the opportunities in each of our focus countries and end-user categories. With the operationalization of our new, high-capacity SmartTag production line in 2025, we are prepared to meet a rapid rise in demand. While the recovery timeline for the livestock market remains uncertain, we are optimistic about a return to growth in 2025.

Simon Vander Woude *Vander Woude Dairy*

“Sustainability to me equals efficiency. It equals doing more with less.”

If we keep a cow healthy, she’s going to produce more with less inputs. Through the adoption of advanced technologies like Nedap CowControl, we made significant strides in creating a more sustainable operation.

Retail

Nedap's Retail business unit serves retailers globally with innovative inventory management solutions. With Digital Twin Technology, Nedap addresses retailer challenges and needs such as gaining item-level visibility into the supply chain, optimizing inventory levels, delivering omnichannel retail experiences and minimizing losses.

Market developments

The global retail market experienced a slow start in 2024, driven by concerns over a potential recession toward the end of 2023. High interest rates further contributed to lower investment appetite. In the second half of the year, the European market displayed noticeable recovery, while North American retailers remained cautious.

We saw the continuation of long-term trends, including the shift toward omnichannel retail experiences, the automation of in-store and supply chain processes, and the growing demand for supply chain transparency and traceability. Increasingly, retailers' success depends on their ability to successfully adopt omnichannel retail concepts that provide customers with a seamless online and in-store shopping experience. They rely on real-time insights into inventory levels to accommodate shopper preferences, such as 'buy online, ship to store' and 'buy online, pick up in store'.

Retailers also increasingly opt for automation to address staffing shortages, reduce cost, or both. This includes the adoption of self-checkout registers. Finally, sustainability is becoming more important to retailers, driven by both their own commitment to corporate responsibility and the introduction of new laws and regulations mandating environmentally and socially responsible supply chain practices. The reduction of waste as a result of surplus inventory is a key priority.

Highlights

Overall revenue in Retail increased compared to 2023. We extended several enterprise contracts with leading retailers in 2024, demonstrating our clients' continued satisfaction with our solutions. We also continue to reap the benefits of our investments in the iD Cloud platform, with clients increasingly expanding from a single software subscription to multiple software subscriptions. This resulted in higher annual recurring revenue for iD Cloud compared to 2023. Demand for our traditional RF systems for loss prevention was down, as retailers postponed investment decisions due to concerns over a recession at the start of the year, as well as higher interest rates.

Throughout the year, we continued to invest in our solutions to meet evolving customer needs. We expanded the iD Cloud platform with the launch of iD Cloud Supply Chain. This new solution provides retailers with item-level visibility into their supply chain, with near real-time insights into the status of products as they travel through the supply chain. Together with iD Cloud Store, which focuses on store inventory management, iD Cloud Supply Chain supports the implementation of omnichannel retail experiences. In 2024, we onboarded the first customers onto iD Cloud Supply Chain, and the solution is gaining traction.

In addition, we expanded our Connected Hardware Pro line with the iD POS Pro and the iD POS SCO Pro point-of-sales and self-checkout RFID solutions. These new solutions work with our RFID electronic article surveillance (RFID EAS) solutions to provide customers with seamless shopping experiences, while minimizing inventory loss (e.g., theft). Finally, we continue to make targeted investments in our RF technology that enable our customers to make optimal use of their RF systems for years to come.

Organization

The formation of dedicated teams for our Sense solutions (formerly Connected Devices) and iD Cloud solutions in 2023 has enabled our business unit to maintain an equal focus on both portfolios, each supported by a clear strategy and a defined plan for investments in research and development and commercial focus. At the same time, the teams work together to strengthen Nedap's market position in the retail market. In 2024, there were numerous examples of synergy between the teams and portfolios. Clients who have used our Nedap hardware solutions, such as our RFID EAS systems, are adding our iD Cloud platform solutions, and vice versa. This is particularly true for loss prevention, where hardware and software are working together to enable a data-driven approach to minimizing theft.

We continue to invest in our new business and customer teams in Europe and North America. These teams are instrumental in onboarding new customers to our iD Cloud platform and increasing customer lifetime value.

Outlook

We are well-positioned for growth, thanks to our investments in our solutions and in our teams in Europe and the United States. We anticipate the ongoing transition from RF to RFID systems to continue at a steady pace in the coming years. In addition, we expect more retailers to transition to omnichannel retail experiences in order to remain competitive. Based on market trends and our order intake, we foresee growth in our iD Cloud solutions and steady growth in our Sense solutions.

Christie Koorts *CIO, Woolworths*

“We chose Nedap because our extensive market evaluation has shown that no other supplier has the experience they do.”

Security

Nedap's Security business unit develops access management solutions used by top brands to secure people, buildings and assets. Nedap holds a leading market position in Europe and the Middle East. The integration of the Nedap Reader portfolio into the business unit further strengthens Nedap's position in the security market.

Market developments

The access management market is characterized by relative stability, given the essential role that security plays in companies' operations. In parts of the Middle East, investments in large-scale infrastructure projects resulted in a growing demand for access management systems. Geopolitical tensions elsewhere in the region, however, had a noticeable negative impact on the market.

While the demand for access management systems is stable, customer needs are evolving. The transition from traditional on-premises systems to cloud-native systems is beginning to gain momentum. This reflects a broader trend of companies adopting SaaS solutions to be able to focus on their core business. It also signals growing confidence in the security of cloud systems. In addition, companies need to prove compliance with cybersecurity directives, such as the Network and Information Security directive (NIS2).

There is also a growing emphasis on convenience. The use of mobile devices as an alternative to physical credentials, for example, is gaining traction as companies look to improve the employee experience.

Highlights

We maintained our strong position in the security market. The combination of our on-premises access control system AEOS and native-cloud solution Access AtWork allows us to meet the needs of customers seeking the ultimate flexibility of AEOS, as well as those seeking to move their in-house infrastructure to the cloud to reduce their internal IT burden.

In 2024, revenue was lower than in 2023. This was due to a normalization of demand and a higher comparable base in 2023, during which previously accumulated delivery backlogs were cleared. Our business partners' installation capacity also normalized. The expansion of our service offering with Pace, along with the adoption of AEOS Upgrade Assurance, contributed to an increase in recurring revenue in 2024.

Pace was gaining traction in 2024, and we are scaling our organization in order to meet demand. Pace is built on Digital Twin Technology and helps large organizations streamline the management of access rights and cards for employees, visitors and contractors, enabling them to manage risks, prove compliance and optimize their operations. The physical identity and access management (PIAM) market offers untapped potential for organic growth.

We officially launched Mobile Access in August 2024 in partnership with Apple, integrating mobile credentials directly into the Apple Wallet. Mobile Access is the first of its kind in Europe. Conversations with existing Nedap customers demonstrate significant interest in our solution. We will continue to invest in Mobile Access, including its integration with our full access management portfolio.

Organization

By the end of 2024, our new business unit structure was fully implemented, with teams better aligned with market opportunities. The project was initiated in 2023 and, consistent with our Step Up! process, emphasizes the importance of a clear direction, commitment to a common goal and knowledge-sharing. In the new structure, the development, channel and market solutions teams maintained their distinct roles, while working closely together to seize new opportunities. As a result, the business unit is more agile and better equipped to both identify and respond to market changes and evolving customer needs. The rapid development and roll-out of Mobile Access is a direct result of our new way of working and demonstrates our business unit's ability to quickly respond to emerging opportunities.

Outlook

In the year ahead, we will remain focused on developing a comprehensive access management suite offered in the cloud, on-premises and in hybrid form. We expect revenue growth in 2025, primarily driven by the consistent demand for our access control solutions and the expansion of our service offering to existing customers. In addition, we expect our ongoing investments in our PIAM solution Pace, both in terms of development and commercial capacity, to contribute to our growth in 2025. Finally, we expect demand for Mobile Access to accelerate, further strengthening our market position and competitive edge and increasing the share of recurring revenue.

Bo Carlsen *Head of section, Campus service, Technical University of Denmark*

“Partnering with Nedap has been a game-changer for us.”

Their team is responsive, knowledgeable and always willing to think along with us. Their expertise and collaborative mindset have inspired us to take a more strategic and forward-thinking approach to security management.

2.5 Other business units

Identification Systems

Nedap's Reader portfolio utilizes long-range identification for secure vehicle access, enabling safe, secure and convenient parameter entry and exit. As such, we strengthen Nedap's position in the security market and continue to execute our strategic plan to align our portfolio with future growth opportunities. As of 1 January 2025, the Reader portfolio was integrated into our Security business unit. In addition, we worked on setting and communicating a timeline for transitioning away from our MOOV city access activities.

Developments

Revenue in 2024 was lower than in 2023. We have a product and commercial strategy in place to drive the performance of our Reader portfolio. This strategy is centered around meeting the needs in the market and expanding our channel network, with increased focus on distribution and the optimal integration of our solutions with access control platforms.

As we further optimize our portfolio, we introduce successors to replace one or more existing products, working closely with our customers throughout the transition. In 2024, we introduced the uPASS Go and the Compact Button. We designed the Compact Button with sustainability in mind, for example by making it more modular, enabling end-users to easily replace the battery and extend the product's lifespan. The optimization of our portfolio is contributing to improved product availability.

In the United States, we established a new partnership to give channels and end-users, such as large companies and universities, the option to customize their UHF identifiers. The partnership enables us to meet the demand for branded products. In addition, it allows us to relocate our supply chain for American customers from Europe to the United States, which will enhance our operating margin by reducing transportation costs.

Outlook

We expect revenue growth in 2025, driven by additional optimizations of our product portfolio while leveraging the strengths of our channel network.

UV

Nedap is a global leader in UV lamp driver technology. We focus on two categories in the UV market: curing and disinfection. In 2024, Nedap Light Controls resumed under the UV portfolio name to reflect our leading position in this market. The energy efficiency of our technology contributes to the lowest possible carbon footprint and cost of ownership during the use phase. In addition, our technology extends the lifespan of UV lamps, resulting in less waste.

Developments

Globally, the UV disinfection category is seeing the most growth. This is driven by water scarcity and the increasing need for water recycling. Besides drinking and wastewater treatment, this trend is particularly visible in water-intensive industries such as horticulture and the microelectronics and semiconductor industries. Manufacturers of semiconductor chips, among other products, rely on ultra-pure water throughout the production process. The advantages of UV disinfection over alternative methods include the absence of chemicals and the elimination of residues. The importance of UV disinfection in meeting increasingly strict water quality standards suggests favorable growth prospects.

As more companies prioritize safe working environments, the demand for safe industrial curing solutions as alternatives to chemical curing agents is increasing. Nedap's UV lamp driver technology enables the safe and environmentally friendly curing of substances such as ink, coatings and resins at an industrial scale. In recent years, UV-LED systems have grown in popularity and have replaced UV lamp driver technology in some industries. However, the applications of UV-LED systems remain limited, indicating that UV lamp technology will continue to play a significant role in the curing market.

In the first half of the year, revenue increased compared to the same period in 2023 and exceeded expectations. This growth was driven by rising demand for our UV drivers and the fulfillment of backlog orders. The slowdown in economic growth, particularly in China, negatively affected demand for our solutions in the second half of the year. Overall, revenue for 2024 was lower than in 2023.

Outlook

We see further growth potential for our UV driver technology, not only related to disinfection applications but also related to a promising new application to extend the shelf life of fluids such as milk through treatment with UV light sources. We are well-positioned to capitalize on this paradigm shift, with the quality and sustainability of our technology, our high level of service and ability to quickly scale production as key differentiators.

Other developments

In 2024, Nedap continued to support existing customers of Flux, part of the Staffing Solutions business unit, following the 2023 decision to scale down the solution. Throughout the year, we assisted customers in transitioning to other providers, with final off-boarding set for completion in the first quarter of 2025. Meanwhile, the scaling down of the Pigs solution was nearing completion by the end of 2024.

2.6 Financial affairs

Key figures

In millions of euros or expressed as a percentage	2024	2023	Growth
Revenue	**251.6**	262.4	-4%
Recurring revenue	**100.2**	84.1	19%
Added value as % of revenue	**71.5%**	69.0%	
Operating profit	**23.9**	27.3	-13%
Operating margin[1]	**9.5%**	10.4%	
Profit for the financial year	**18.5**	21.6	-14%
Earnings per share (x €1)	**2.82**	3.31	-15%
Dividend per share (x €1)	**3.20**	3.20	
	31/12/2024	31/12/2023	
Net debt-to-EBITDA	**0.3**	0.1	
Solvency	**61%**	61%	
ROIC[2]	**26%**	31%	

[1] Defined as operating profit expressed as a percentage of revenue.

[2] ROIC represents operating profit divided by the invested capital (fixed assets + net working capital).

Revenue

Revenue for 2024 amounted to €251.6 million, which was 4% lower than in 2023 (€262.4 million). Excluding the impact of the strategic decision to scale down certain solutions, which represented an amount of €11.8 million in 2024 (€17.1 million in 2023), total revenue was down 2%. The key markets Healthcare and Retail showed revenue growth. This growth was offset by lower revenue in both Livestock and Security, leading to a decline in total revenue. In Livestock, slow market conditions and a strong comparable base in early 2023, when delivery backlogs were being cleared, contributed to the decrease. In Security, revenue declined compared to the relatively high benchmark set in 2023. Despite an improvement in revenue in the second half year, the overall impact of these declines resulted in a reduction of total revenue for the whole year. Recurring revenue rose by 19% to €100.2 million (€84.1 million in 2023), comprising 40% of revenue (32% in 2023). This growth in recurring revenue was primarily driven by an increase in newly contracted customers, as well as a higher average value per existing customer.

Due to the lower revenue, added value was down from €181.0 million in 2023 to €179.9 million in 2024. As a percentage of revenue, added value increased to 71.5% (2023: 69.0%), largely due to a higher share of recurring revenue in relation to total revenue. The margin on product deliveries remained on a similar level as in 2023. Higher sales prices in most key markets were offset by a negative product mix effect, partly due to products sold at lower margins in solutions that are being scaled down. Our added value per FTE decreased from €197,000 (see footnote Key facts & figures) in 2023 to €181,000 in 2024.

Operating costs

Total operating costs grew by 2%, from €153.7 million in 2023 to €156.0 million in 2024.

This was mainly driven by an increase in personnel costs from €112.1 million in 2023 to €114.8 million in 2024, due to a higher average number of employees. In line with our long-term strategy, targeted investments were made to strengthen scale solutions in key markets, though the pace has slowed down compared to previous years. The number of FTEs[1] increased from 977 at the end of 2023 to 999 at the end of 2024, solely driven by an increase in the first half of the year. In addition, overall salaries per FTE have gone up, mainly driven by an agreed indexation of 3.4% combined with an absolute amount of €300 per year per employee, effective 1 April 2024. The increase of personnel costs was levelled off by lower costs for temporary staff, driven by a targeted effort to reduce insourced staff and a relatively higher cost base in 2023. In addition, the costs arising from employee participation plans decreased due to a decrease in the operating result.

Other operating costs went down from €31.5 million in 2023 to €30.5 million in 2024. General and administrative expenses rose, partly due to the increase in the number of FTEs, as well as investments in IT infrastructure to support the growth of our recurring revenue. Marketing and sales costs were broadly in line with 2023. Other costs were down compared to 2023, with foreign exchange differences amounting to a gain of €0.1 million in 2024 compared to a loss of €0.6 million in 2023.

Depreciation increased from €9.7 million in 2023 to €9.9 million in 2024, driven by investments in servers and other IT infrastructure to support the growth of our recurring revenue. Amortization amounted to €0.6 million, an increase compared to 2023 (€0.4 million). An amount of €0.3 million (2023: nil) was recognized as an impairment of fixed assets related to solutions being scaled down.

Investments in research and development totalled €50.2 million, representing 20% of revenue, whereby €3.4 million was capitalized (€46.9 million in 2023, i.e., 18% of revenue, with €1.6 million capitalized). These costs mostly relate to further developing current products and services, while the remaining part is related to research and development for new products or services, in line with our long-term strategy. The majority of costs are related to supporting the growth of our recurring revenue.

Operating profit

Operating profit (EBIT) for 2024 came in at €23.9 million, compared with €27.3 million in 2023. The operating margin, i.e., the operating profit as a percentage of revenue, amounted to 9.5% in 2024 (10.4% in 2023). This decrease is a result of lower revenue, in combination with an increase in operating expenses, partly offset by a higher added value as a percentage of revenue.

In the second half of 2024, the operating margin reached 10.5% (H2 2023: 8.7%), driven by revenue being at about the same level as the second half-year of 2023, a higher added value as a percentage of revenue of 72.0% (H2 2023: 69.0%), and an increase in operating costs of 1.7%.

Financing costs

Net financing costs increased to €0.9 million in 2024 (€0.7 million in 2023), primarily due to increased market interest rates and the use of bank overdrafts throughout the year. These consist mainly of the financing costs on current accounts and the standby roll-over loan.

Taxation

Taxation over 2024 totalled €4.4 million (€5.0 million in 2023), while the effective tax rate remained at a similar level, coming in at 19.3% for 2024 (18.9% in 2023).

Profit for the financial year

The profit posted for the 2024 financial year came in at €18.5 million, compared to the €21.6 million posted in 2023.

Earnings per share and dividend

Earnings per share decreased from €3.31 in 2023 to €2.82 in 2024. The average number of outstanding shares in 2024 was 6,581,074 (6,546,636 in 2023). This increase is the result of the delivery of shares held by the company itself to cover employee participation plans.
A dividend of €3.20 will be paid for 2024 (€3.20 in 2023).

Financial position

The balance sheet total decreased from €139.9 million at 31 December 2023 to €137.4 million at 31 December 2024. Trade and other receivables increased due to higher revenue in the last quarter of 2024, while days sales outstanding decreased compared to 2023. Inventories decreased from €38.9 million in 2023 to €32.0 million in 2024. During the year, targeted actions were initiated to reduce inventories from the relatively high 2023 level, which were due to imbalances in the supply chain. Trade and other payables were down, from €31.3 million in 2023 to €30.5 million in 2024.

The net debt position amounted to €9.6 million at 31 December 2024, compared to €3.8 million at 31 December 2023. Cash and cash equivalents decreased from €10.2 million at 31 December 2023 to €4.4 million at 31 December 2024, largely driven by the lower net result and the dividend payment during the financial year. Net debt-to-EBITDA stood at 0.3 on 31 December 2024 (0.1 on 31 December 2023). Solvency stood at 61% on 31 December 2024 (61% in 2023).

An amount of €14.0 million has been drawn on the credit facilities totalling €39.0 million available on 31 December 2024.

Cash flow

Net working capital in the financial year amounted to €35.0 million, which was at the same level as in 2023 (€35.0 million). The increase in trade and other receivables, driven by higher revenue in the last quarter, was offset by lower inventory levels. Operating cash flow from continued operations amounted to €28.9 million in 2024, remaining at the same level as in 2023 (€28.9 million).

Return on invested capital

The return on invested capital (ROIC) decreased to 26% in 2024 (2023: 31%), mainly driven by lower operating profit.

3. Governance & Risk

3.1 Business integrity

Nedap is committed to upholding a culture of ethical behavior and integrity, where we respect laws and regulations. We are committed to honesty and respect for each other, our customers, partners, suppliers and all other stakeholders. This requires all our employees to take ownership, act transparently and professionally and speak up in a joint effort to safeguard the integrity of Nedap.

The Board of Directors emphasizes the importance of a culture and business conduct that is aligned with the standards and values of Nedap as described in the code of conduct and related policies. The Supervisory Board ensures that the organization upholds these standards and values.

Code of conduct

Our code of conduct sets out the standards, values and behaviors that Nedap expects its employees and everyone working with Nedap to live by. These include avoiding conflicts of interest, not accepting practices such as bribery, corruption and fraud, respecting human rights, complying with laws, not engaging in insider trading and treating confidential and price-sensitive information with due care. Furthermore, Nedap's code of conduct emphasizes respect, treating people equally, working responsibly and committing to the health and well-being of people, the environment and society. Please refer to our website for the full code of conduct.

To strengthen and embed governance throughout the Nedap organization worldwide, employees complete an e-learning course. Additionally, we conduct periodic governance visits to Nedap's subsidiaries. The purpose is to align Nedap's global governance topics with the local situation, as well as to share experiences, learn from each other and ensure that available knowledge is utilized to its full potential.

Anti-bribery and anti-corruption

Doing business all over the world exposes Nedap to potential bribery and corruption risks, which can lead to reputational damage and substantial penalties.

The Nedap anti-bribery and corruption policy sets out the guiding principles and rules of behavior in this field. Additional actions and mitigation measures are as follows:
- We routinely provide anti-bribery and anti-corruption training for relevant groups of employees.
- We have implemented a Speak up! policy and procedure to report suspected irregularities.
- We maintain a strong, informal system of checks and balances, which helps mitigate fraud and corruption risks.
- We have due diligence and supplier screening procedures in place.
- We address and discuss anti-bribery and anti-corruption during periodic compliance meetings, as these are themes within the Nedap Compliance Framework.

Furthermore, we regularly assess risks in the markets and countries where we do business. We are cautious with respect to high-risk countries, providing additional guidance for conducting business in these countries, including on sanctions and export controls. We are committed to improving awareness measures against corruption, bribery and fraud.

Nedap compliance training

To ensure that all our employees understand what the code of conduct means for their daily work and know how to apply it, they are required to undergo training. We have an e-learning portal that facilitates employee training. The code of conduct e-learning course is mandatory for all Nedap employees. In 2024, to reinforce the embedding of our code of conduct in our organization, we further emphasized the importance of our code of conduct. Also, the e-learning was updated and offered again to all employees worldwide at the end of 2024. Over 96% completed the e-learning.

In addition to the virtual training, new employees are expected to participate in in-person courses on personal data protection and information security. Extra training sessions on business integrity subjects are provided and adapted to the needs of the business and the applicable circumstances.

Speak up!

The principles contained in our code of conduct and our business integrity standards must be applied correctly. Employees, suppliers, customers and other stakeholders must understand our values and the expectations regarding behavior and business integrity. We therefore strive to create a safe working environment that encourages an open dialogue within the entire organization and with third parties. All stakeholders contribute to upholding our business integrity standards by monitoring compliance with the code of conduct and discussing and reporting any inappropriate behavior or undesirable situation.

Nedap's culture is based on transparency and personal responsibility. We encourage our employees to speak up whenever they observe or suspect a violation, and we have incident reporting procedures in place to help them do so. In our culture, we encourage addressing each other directly to prevent or swiftly address potential challenges. This approach has been instrumental in effectively mitigating and resolving issues.

If confrontation is awkward or not possible for any reason, the employee can turn to a trusted colleague, their captain, a member of the Board of Directors, one of the three confidential counsellors for undesirable behavior (CCUs) or one of the two confidential counsellors for integrity (CCIs) appointed by Nedap. This may occur in situations where, for example, employees are confronted with undesirable behavior such as discrimination, sexual harassment, bullying, aggression or violence. Confidential counselors provide employees with advice and may refer them to external professionals. The counselors also meet on a regular basis to evaluate, reflect and share knowledge. All five confidential counsellors have undergone appropriate training to fulfill their role.

Additionally, Nedap has a whistleblower policy that facilitates the reporting of suspicions of wrongdoing or irregularities. When a situation cannot be resolved through the informal procedure, employees and external parties can report suspected wrongdoings or irregularities through two formal channels: the compliance officer or the IntegrityLog reporting system. If desired, reports can also be made anonymously using the system. The IntegrityLog reporting system can be used to report wrongdoings or irregularities as set out in the Whistleblowers' Protection Act, but also for any misconduct and suspicions of bribery, corruption or fraud.

Relevant Speak up! notifications will be investigated and promptly followed up on. Where appropriate, necessary action will be taken. Relevant cases will be reported to the Board of Directors, and any material violations will be immediately reported to the chair of the Supervisory Board.

To further encourage our employees to express any concerns they may have regarding possible violations of our code of conduct or the law, we discuss Speak up! in our governance visits and training.

In the year under review, no material violations of the code of conduct were reported through the formal channels. The informal procedure was utilized to address individual concerns, leading to appropriate solutions.

Health & safety

In creating Technology for life, we put people first. Nedap aims to provide an optimal working environment that enables all employees to find enjoyment in their work, pursue opportunities for growth and work safely and comfortably. Our human resources policy and health and safety policy provide guidance in this matter.

We take into account physical well-being, mental well-being and positive psychosocial conditions. We aim to ensure that people are treated equally and feel included and empowered to speak to each other instead of about each other. We work responsibly with a focus on preventing incidents that could cause harm to our employees, contractors and the environment.

Our health and safety policy emphasizes that Nedap and its employees are collectively responsible for well-being, safety and welfare. The policy aligns with and complements all obligations arising from relevant laws and regulations.

The Board of Directors is responsible for the health and safety of employees. It is supported by internal health and safety officers, a company emergency response team, confidential counselors, the Human Resources department and other competent employees where needed. For subsidiary companies, local laws and regulations apply.

Specific safety policies are in place at our Smart production facilities, which comply with ISO 9001 and ISO 14001 standards. Additionally, emergency response courses are held several times a year and are attended by employees across all company units.

Supply chain management

In our efforts to continuously improve or maintain integrity and sustainability throughout the entire value chain, we seek to collaborate with suppliers whose values align with the fundamental principles outlined in our code of conduct.

When selecting our suppliers, we place a strong emphasis on sustainability criteria, including criteria in relation to product quality, adherence to health and safety standards and environmental performance. We also conduct audits of our key suppliers to ensure their continued compliance with these standards and information security demands. The electronic manufacturing services parties are all at least ISO 9001 and ISO 14001 certified and audited accordingly.

Product safety and quality

Nedap is committed to delivering high-quality products and services, with a strong focus on continuous improvement. We prioritize safety and quality throughout our product design, development and manufacturing processes.

Our production facilities adhere to robust quality management systems in compliance with ISO 9001 and ISO 14001 standards. We also proactively manage risks associated with chemicals and hazardous substances, ensuring compliance with the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation, Restriction of Hazardous Substances (RoHS) standards and their international equivalents.

Nedap is dedicated to responsible material sourcing, aiming to ensure products are free from conflict minerals (3TG materials) such as tin, tantalum, tungsten and gold from conflict-prone or high-risk areas. We identify products and services that may contain these minerals. We expect our suppliers working with 3TG materials to comply with the relevant regulations for responsible mineral sourcing.

We support our clients by equipping our products with the appropriate certifications with respect to electromagnetic compatibility (EMC) and radio and electrical safety as required for unrestricted sales. We are also attentive to substances of concern and future requirements related to packaging, cyber resilience and batteries.

Human rights and other fundamental rights

We are committed to preventing human rights violations and conduct our business operations with a strong emphasis on fairness, honesty and integrity, as outlined in our code of conduct. We expect the same from everyone we work with.

Nedap's dedication to upholding human rights, as defined by the United Nations in its Universal Declaration of Human Rights, is formalized through our human rights policy. We support the principles outlined in the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, as well as those in the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

In our pursuit of building enduring, sustainable relationships with our employees, we aim to provide fair wages and benefits. The right to freedom of association and collective bargaining is a fundamental and non-negotiable principle that we fully respect. The principle of free choice of employment is upheld for every employee across all the countries in which we operate.

In 2024, we received no reports or evidence of human rights violations or abuses. Human rights also form part of the supplier assessments and audit procedures.

Taxation

Nedap considers a responsible and conservative tax policy an integral part of its sustainability and business strategy. We regard paying taxes as making an important contribution to society and part of the process of creating sustainable long-term value for all stakeholders. Our tax policy is founded on the principle of paying taxes locally in accordance with the economic value generated by our activities.

Our policy is captured in the following specific principles:
- Nedap's primary financial target is to create sustainable long-term value for all stakeholders.
- The design of the Nedap organization is based on operational considerations, not on taxation.
- Nedap pays taxes in line with the economic value created by its activities.
- Nedap complies with relevant tax legislation and regulations and respects the spirit of the law.
- Nedap maintains timely and comprehensive communications with tax authorities.

Tax compliance is integrated into both the Nedap Risk Management Framework and the sustainable value creation model.

The tax policy and ensuing principles have been approved by both the Board of Directors and the Supervisory Board. The Board of Directors ensures that Nedap's tax policy is aligned with and integrated into Nedap's strategy. Potential material tax risks are discussed with the Supervisory Board at least once a year. The tax policy is also a recurring topic during discussions with both internal and external stakeholders. We raise awareness about tax topics internally by organizing training sessions, workshops and regular meetings for all controllers, where the focus is specifically on tax, finance and legal risks.

Information security and personal data protection

We have implemented robust technical and organizational safeguards to mitigate the risk of accidental or unlawful destruction, loss, alteration, unauthorized disclosure of or access to data. This includes both personal and other information related to Nedap, its customers and their end-users. In recent years, we have further strengthened our policies, procedures and contractual agreements to enhance the protection of (personal) data. Our onboarding program for new employees gives due attention to the importance of privacy and information security.

Our commitment to strengthening internal control measures for our IT infrastructure and systems remains unwavering, with a primary objective of safeguarding personal data, intellectual property and other sensitive information.

We maintain control measures to safeguard Nedap's security baseline, along with additional measures tailored to certain specific domains, supply chains or jurisdictions. These controls focus on critical areas such as security and privacy awareness, secure software development practices, user access management, email and endpoint protection, as well as incident prevention and management. Recently, we further strengthened these controls by implementing advanced endpoint protection, enhanced threat detection, automated investigation and remediation, and vulnerability management to enable faster and more effective responses.

Within the Healthcare and Security business units, we hold ISO 27001 certification. Additionally, Healthcare holds certifications such as ISAE 3402 Type II, NEN 7510, ISO 27701 and ISO 27018. Healthcare also obtained the ISO 9001 certification in 2024. The business unit Livestock obtained the ISO 27001 certification in the first half of 2024. The business unit Retail holds ISAE 3402/SOC 1 Type I and SOC 2 Type I assurance reports and is actively pursuing type II reports for both. This process is expected to be completed in the first half of 2025.

3.2 Risk management & internal controls

Risk management is an essential part of our business strategy. The primary objective is to identify and mitigate risks that have a potentially major impact on our ability to achieve our strategic and financial goals, and, consequently, on the overall value of our business.

The Board of Directors has the overall responsibility for achieving our strategy and objectives and establishing adequate internal risk management and internal control systems. The implementation of our strategy, which is aimed at achieving market leadership in our key markets, is consistent with effective risk management, in which risks are identified in a timely manner and mitigating measures are taken.

The business units are responsible for maintaining an effective risk and control environment as part of day-to-day operations. Our employees, both in the business units and in the corporate teams, provide the first line of defense. Our corporate culture, which balances personal responsibility and autonomy with risk awareness, creates a sound foundation for fulfilling this management responsibility and organizing risk management. This is reinforced by our code of conduct.

We firmly believe that a sense of ownership leads to optimum risk management. The Board of Directors, senior management and Supervisory Board members all play a key role in this respect. They safeguard our culture, enabling everyone to feel empowered and free to handle risks responsibly. Through this sense of ownership and personal responsibility, risk management is integrated into the strategic planning process and day-to-day operations. Our long-term perspective and focus on sustainable value creation ensure that long-term impacts are also considered in the decision-making process.

In our open, informal culture, finding the right balance between rules and entrepreneurship requires continuous dialogue, especially given increasing regulatory pressure. While the main responsibility for managing risks lies within the business units, the joint organization and the alignment of supporting processes in our corporate teams allows people within the business units to continue focusing on their core activities.

Sustainability continues to play a growing and prominent role in our value creation model, presenting both risks and opportunities for Nedap. The increasing importance of sustainability, combined with the evolving laws and regulations introduced in recent years, has driven us to embed sustainability into our strategic planning and risk management processes.

Risk appetite

Nedap strives to strike the right balance between acceptable entrepreneurial risk and sustainable long-term value creation while remaining in control. Our risk appetite ranges from moderate to high in terms of solution development, commercial initiatives and operations.

Risk management and control systems

Nedap Risk Management Framework

Nedap has a solid system in place for responsible risk management. Our entrepreneurial culture leads to widespread interaction within and between teams, business units and the Board of Directors, resulting in strong informal checks and balances. These are supplemented by formal procedures and controls where compulsory or deemed useful. These frameworks are based on the Nedap Risk Management Framework, which was adopted by the Board of Directors and the Supervisory Board. This framework identifies the connections between enterprise risk and the internal control system, contextualizing the Committee of Sponsoring Organizations (COSO) principles and linking them to business processes and procedures.

The Nedap Risk Management Framework is organized around our business processes. Risks that, due to their size, nature and impact, could result in substantial losses, serious consequences for a business unit or damage to the company as a whole, are reported to the Board of Directors. The Board of Directors then decides on follow-up actions in these situations.

As part of the strategic process, strategic risks and opportunities are included in the multi-year plan and discussed with the Board of Directors and the Supervisory Board. In addition, we organize annual risk sessions with business units and corporate teams to raise awareness, share knowledge and identify Nedap-wide trends and developments to consider during the strategic process. Relevant risks for each business unit are identified and discussed. Specific sessions are held to raise awareness around fraud and integrity, including measures for detecting and preventing fraud. These risk sessions operate as an extra control mechanism, reinforcing the risk management principles of the business units and the Nedap Risk Management Framework. They also enable management to identify and share best practices within and across business units. As of 2023, we pay specific attention to identifying and prioritizing sustainability risks and opportunities in relation to the CSRD.

Risks that, due to their size, nature and impact, could potentially have major consequences for Nedap, are included in the risk table at the end of this section. These risks have been classified into the following categories: strategic, operational and compliance (including reporting). The risk table includes a description of the associated impact and probability trend, as well as the key measures to mitigate the risk. Specific financial risks are addressed separately in the financial statements.

Strategic and financial management system

Nedap has an adequate and effective strategic and financial management system. Key components include the strategic calendar, which consists of the multi-year plan and the budget, and the financial reporting system, which tracks both the progress and actual outcomes of the company's operating activities. The financial management system is designed to:

- Set and align the right priorities and targets at board and business unit level.
- Test actual progress and performance against the objectives.
- Enable management to retain control over responsibilities delegated to others.
- Manage cash and cash-equivalent flows within the organization.
- Identify and restrict risks.
- Detect and prevent fraud.

The Board of Directors and business unit leaders also hold consultations on significant market-related matters, major investments, the progress of research and development projects and staff allocation that go beyond the budget. Their final decisions are made in the interest of Nedap as a whole.

The Group Controlling department in Groenlo plays a leading role in finance and risk management. The department's role is to verify the data used in financial reporting and ensure the proper execution of administration and data processing tasks. It also ensures the correct, complete and timely delivery of these reports, while overseeing other departments responsible for delivering data, with a focus on detecting and preventing fraud. The Group Controlling department holds operational responsibility for financing, cash management, currency management and taxes and is responsible for risk management processes globally. Due to these responsibilities, the department is required to have regular and timely consultations with the Board of Directors and to work closely with employees in the Netherlands and abroad.

Nedap Compliance Framework

The Nedap Compliance Framework describes the formal objectives, mission, responsibilities and scope of Nedap's compliance management. It applies to all business units and subsidiaries worldwide. The framework includes compliance-related communications, compliance monitoring and enforcement and their integration within the organization. Subjects covered by the framework include supplier liability, information security, AI, privacy, insider trading, anti-bribery and corruption, competition, products and entities subject to sanctions under legislation and regulations, customs, HRM, health & safety, and product compliance, such as certifications.

Nedap applies a three-lines model that fits with the nature of the company.

- The first line consists of employees working at Nedap business units and entities in the role of compliance theme champion. They are the eyes and ears on the ground in Nedap's day-to-day operations and take action whenever they detect a situation that may pose a compliance risk for the company.
- The second line consists of employees in the roles of compliance theme owner and compliance officer. Based on their knowledge, experience and overview of the organization, compliance theme owners connect the dots across business unit and entity boundaries and give feedback to those involved. The compliance officer does the same for the entire organization and reports findings. Compliance theme owners draw up an action plan to address and mitigate the risks attached to the compliance theme. They closely liaise with the compliance theme champions and monitor progress on the action plan. The compliance officer is responsible for developing, updating and evaluating the Nedap Compliance Framework based on feedback received from compliance theme owners.
- The third line is formed by the internal auditor. The internal auditor is responsible for auditing Nedap's internal processes and procedures to ensure that regulatory and legal requirements are met. The internal auditor also performs audits to assess whether the organization complies with the applicable rules, regulations and aligned procedures.

Periodic meetings between the compliance theme owners, the compliance officer and CFO are held in the presence of the internal auditor to discuss relevant developments and progress on compliance themes and share knowledge. When unusual developments occur, they are immediately raised with the Board of Directors. Compliance theme owners only convene when there is added value. The Group privacy officers meet around 10 times a year to discuss privacy-related matters. Similarly, the Group information security officers also meet around 10 times annually to discuss information security concerns. The Nedap Compliance Framework is reviewed annually and updated as necessary.

Tax Control Framework

Nedap is exposed to tax risks that could potentially result in double taxation, penalties and interest payments. These risks include, but are not limited to, transfer pricing risks on cross-border inter-company transactions and tax risks related to potential changes in tax laws that could result in higher tax expenses and payments.

Nedap's tax policy corresponds with its global governance model. Our Dutch operations consist mainly of strategy design, product development, marketing, sales, supply chain management, legal affairs, compliance and controlling. Activities at subsidiaries consist almost exclusively of local sales (support). A large part of the Group's economic value is therefore generated in the Netherlands. Nedap neither engages in aggressive tax planning nor uses 'tax havens' as defined by the OECD.
The Group Controlling department oversees and implements the global tax policy, formulates and implements the transfer pricing policy and actively monitors compliance. Transactions between related entities are subject to the arm's length principle and the relevant Organization for Economic Cooperation and Development (OECD) Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. Through our transfer pricing policy, Nedap aims for all its companies to post profits that are in line with the scale and risks of the activities in their respective countries. Such profits are subject to all applicable local taxes. All Nedap subsidiaries issue periodic reports on their tax position, including taxes charged and paid. In line with the OECD guidelines, a new benchmark study is conducted at least every two years. Most of the countries where Nedap operates have endorsed the OECD guidelines. However, these are not binding, and local tax authorities still have to sign off on a company's transfer pricing system. While unlikely, local tax authorities may withhold their approval. Nedap does not foresee significant financial, compliance or reputation risks as a result.

Nedap has implemented a Tax Control Framework that is continuously monitored and updated. It documents and formalizes material tax risks, tax control and the monitoring of taxes for income tax, corporate income tax and VAT. Tax risks and mitigation strategies are discussed in regular meetings across the organization. The Tax Control Framework serves as the foundation for the horizontal supervision agreement with the Dutch tax authorities, which was reconfirmed in 2023 and will remain in effect through 2026.

Nedap has one ruling with Dutch tax authorities concerning an agreement to apply the Innovation Box tax regime. The current agreement remains in effect through 2026. When Nedap deems it helpful to gain prior certainty on the application of tax laws and regulations, the company tries to secure a ruling with the tax authorities.

A specific measure was taken to control tax risks and other risks. The directors, under the articles of association of most subsidiaries, are controllers who spend a considerable part of their time working with the Group Controlling department in Groenlo. They are responsible for local compliance, including tax legislation and regulations. The managers of our subsidiaries are evaluated based on the operating results of their respective business entity. Taxes are not a factor in such evaluations.

Risk table

The following risk table provides a summary of the main risks identified, the associated impact and likelihood trend, the developments in 2024 that relate to these risks and the main measures taken to mitigate them. Since specific financial risks, such as credit risk, liquidity risk and currency risk, are addressed separately in the financial statements, they have not been included in the risk table. These risks are not considered vital risks for Nedap and have largely been mitigated, meaning that material consequences are covered.

Other than what is stated in the Directors' Report (the full annual report without chapter 6 Financial statements) there have, to the best of the Board of Directors' knowledge, been no exceptional events that are exempt from being taken into consideration in the financial statements.

Risk type	Risk description	Developments in 2024	Mitigation
Strategic	**Speed of technological developments** *Decreased relevance of Nedap's core technologies leading to worsened competitive position.* **Risk appetite** HIGH **Impact trend** ↑ **Likelihood trend** ↑	The rise of generative AI is a development that can impact the markets that Nedap operates in and the solutions that we offer to our customers. Generative AI can lead to competitive disruption if competitors move faster in embedding AI into their product offering and create superior products or services. In addition, generative AI and automation may lead to changes in job roles and responsibilities, potentially resulting in job displacement, job losses or a shift in required skill sets. Nedap recognizes the dual nature of generative AI as both an opportunity and a risk, actively exploring its potential to both safeguard and enhance our market positions and solutions. Besides AI, Nedap continues to monitor the trends in current and upcoming technologies. Also, dedicated exploration teams in each key market assess and invest in potential new solutions.	• We are a digital twin company with extensive expertise and a diverse technological stack that goes beyond RFID. • Nedap has a strong track record in developing successful high-tech solutions and strong customer and partner relationships. • Every year, new developers are hired with up-to-date knowledge of current and upcoming technologies. Nedap events are organized to share technological knowledge and the latest developments. • Nedap explores potential new technologies that can threaten existing market positions. • We have set up of a core AI team with several expertise groups focused on both risk and opportunities of AI.
Strategic	**Unsuccessful solution and product development** *Excessive strain on resources over a prolonged period without an instant prospect of returns, resulting in dependence on a limited number of growth factors and limited long-term growth perspective.* **Risk appetite** HIGH **Impact trend** – **Likelihood trend** ↓	We progressed in strengthening our portfolio through the implementation of a key markets strategy and establishing clear strategies for these positions, also taking into account our plans for realizing our sustainability ambitions. The progress on these strategies is tracked using a strategic calendar, and they are integral to the Create-Scale-Core methodology. We carefully monitor investments in explorations, ensuring they align with our key market strategy. This alignment allows us to make more informed decisions about scaling up or down as necessary.	• Research and Development draws on various business units' experience and knowledge, built up over many years. • Periodic solution portfolio reviews and a clear process, and key performance indicators for solutions in various phases. • The strategy to focus on four key markets creates leverage to extend our footprint in these markets through innovations and new solutions. • Closely monitoring the development and potential of solutions and products in the exploration and create phase and the ability to scale up or down quickly if required. • Increased focus on market intelligence in key markets.
Strategic	**Attracting, developing and retaining talent** *Shortage of talented employees leading to a delay in the implementation of the strategy.* **Risk appetite** LOW **Impact trend** – **Likelihood trend** ↓	We consistently invest in our workforce, recognizing our people as our enduring competitive edge. We enhanced our internal recruitment team to attract the right talent, particularly for key markets. This effort was bolstered by significant progress in cultivating our employer brand. To retain our skilled employees, Nedap offers a variety of training programs focused on both personal and professional growth. We organized events across different business units, covering topics such as business development, AI and technology. Additionally, we improved transparency regarding career opportunities within Nedap and have we developed programs to improve leadership across teams.	• The company offers a culture of entrepreneurship and competitive employment terms, including an employee depositary receipt scheme. • Nedap targets talent through initiatives including the Nedap Masterclass, Nedap University and Nedap Tech Days. • In-house recruitment team takes a dedicated approach to serving each business unit's needs. • We develop leadership talent through a leadership program and an organizational structure that fosters leadership talent development. • Our Diversity, Equity and Inclusion policy aims to ensure equal opportunities and treatment for all. • There is a continuous focus on health and safety through training sessions, policies and resources.
Strategic	**Cybersecurity and IT** *A successful cyberattack could inflict great financial and legal damage on our company, as well as damage to our reputation (customer confidence).* **Risk appetite** LOW **Impact trend** – **Likelihood trend** ↑	Significant emphasis has once again been placed on reducing the risk of cyberattacks. The overall risk has increased and is further intensified by the use of AI in orchestrating these attacks. A specialized tool was deployed in 2024 across the entire organization to enhance endpoint security. Next to this, additional certifications were completed in 2024 in several business units. In the upcoming year, the NIS2 directive will be implemented. Substantial groundwork for this initiative was already laid in past years. We have set up an incident response procedure and held cyber crisis exercises on how to respond in case of an incident. Furthermore, Nedap's IT unit has been expanded, as have the roles related to security. Nedap becomes more dependent on (information security in) supply chains, such as Nedap EMS partners and various third-party (open-source) software tools and services. This requires careful supply chain management to ensure both security and compliance with applicable regulations and standards.	• Audits and further roll-out of certifications (including SOC2, ISAE 3402, ISO 9001, ISO 14001 and ISO 27001/NEN 7510). • Increasing awareness in the organization through knowledge sharing, e-learning modules. • Implementation of an incident response procedure with standard operating procedures that are regularly tested and maintained, combined with our culture of empowered and engaged employees enabling quick responsiveness in case of an incident. • Implementation of endpoint security protection. • Quality IT organization, with up-to-date knowledge. • Awareness in recruitment process for new employees, including mandatory certificate of conduct for integrity-sensitive roles. • To mitigate the risk of data breaches in Nedap solutions, penetration tests are done, red teams are set up and knowledge is shared across business units. • Assessment and mitigation of supply-chain risks, including libraries and frameworks used in software applications.

Risk type	Risk description	Developments in 2024	Mitigation
Strategic	**Geopolitical conflicts in relevant areas** *Global conflicts and political tension could lead to supply chain disruptions, trade wars and rising import tariffs.* **Risk appetite** MEDIUM **Impact trend** ↑ **Likelihood trend** ↑	From a supply chain point of view, the circumstances in Asia and Eastern Europe in particular continue to be challenging. Nedap relies heavily on Taiwan for semi-conductors, and many of our EMS providers have historically been located in Hungary. Significant efforts were made, in close collaboration with our strategic suppliers, to identify alternative sources in different regions, such as in Spain. In addition, we notice growing political tensions, potentially leading to trade wars and rising import tariffs, which could impact our competitive position.	• Geographically spread, dual-sourcing strategy. • Sanction control systems. • Scenario management to think through implications of risks materializing. • Growth of SaaS cloud revenue mitigates dependency on one-off hardware revenue.
Strategic	**Inability to achieve sustainability goals** *More material impact of the environment on our business and greater Nedap impact on the environment.* **Risk appetite** MEDIUM **Impact trend** ↑ **Likelihood trend** ↑	The assessment of double materiality helps clarify our exposure from both a risk and opportunity perspective. We have made progress in establishing ambitions across all domains, translating them into clear, tangible and measurable objectives. This foundation enables us to actively pursue the realization of our goals. As the importance of sustainability continues to grow, we must balance our pace carefully—advancing neither too quickly, which could lead to inefficiencies, nor too slowly, which risks falling behind regulatory and market expectations. The next step involves embedding these sustainability objectives into the strategic plans for all key markets. Our actions for ongoing compliance with the Corporate Sustainability Reporting Directive (CSRD) further support us in this process.	• We are setting clear carbon footprint reduction targets and have the right plans to achieve these. • 'Do the right thing' strategy aimed at mobilizing the organization and raising awareness of sustainability. • Implementing non-financial reporting structure that provides all relevant data needed to take the right decisions. • Sustainability is integrated in all key market strategies and discussed several times a year, facilitated by our strategic calendar. • We maintain a long-term perspective when it comes to the development of products and solutions to customers. • We committed to SBTi targets in 2024, with validation starting in 2025.
Operational	**Supply chain dependence and imbalance** *Insufficient or late product availability resulting in delayed or even aborted delivery of products to our customers.* **Risk appetite** MEDIUM **Impact trend** ↓ **Likelihood trend** ↓	In the past years, the component shortages left various business units with excess inventory relative to short-term demand. Distributors are facing challenges in servicing end-customers. At Nedap, we are proactively managing relationships with key suppliers to mitigate risks and guarantee the delivery of quality products at the right price and time. The availability of components is improving, with lead times back to normal for many business units. However, imbalances between demand and supply have resulted in relatively high inventory levels within the supply chain. We are collaborating more closely with our customers and suppliers to achieve optimal stock levels, while simultaneously striving to create a more flexible and agile supply chain.	• Nedap takes great care in selecting its production and logistics partners and sets the highest standards. • Measures taken to improve the robustness of the supply chain include maintenance of buffer inventories, production partner audits, multiple suppliers for critical products and improved testing and measuring systems. • Second sources were set up for many components and strategic relationships with suppliers were expanded. • An effective forecasting process for all business units across Nedap ensures early warning and time to act. • We ensure design flexibility to allow the use of alternative components in case of shortages. • The continuous growth or recurring revenue reduces our dependency of hardware deliveries.
Compliance	**Legislation and regulations** *Fines, sanctions and/or damage to reputation.* **Risk appetite** LOW **Impact trend** – **Likelihood trend** ↑	We are experiencing increasing compliance pressure in a broad range of areas. In past years, further steps were taken to integrate the Nedap Compliance Framework within the organization for various identified compliance themes, including anti-bribery and corruption, privacy, customs, health and safety, competition law, insider trading and information security. To enhance compliance-related knowledge within the business units, awareness programs were established. Additionally, Legal business partners have been appointed for the four key markets.	• The Nedap Compliance Framework is monitored by the Nedap-wide compliance committee of team owners, which meets on a periodic basis. This committee consists of theme owners and discusses, among other topics, relevant developments and the actions required to implement compliance. • The framework is evaluated annually to ensure it remains effective and to identify areas for improvement. • Nedap has expanded its Legal & Compliance team. • Various training and knowledge sharing sessions are held to improve awareness in the organization. • Nedap's culture and powerful soft controls support compliance.
Compliance	**Fraud and corruption** *Fines, sanctions and/or damage to reputation.* **Risk appetite** LOW **Impact trend** – **Likelihood trend** –	Fraud and corruption remain high on the agenda. In the annual risk sessions with all business units, fraud was discussed and there were no cases identified. As Anti-bribery and corruption is an identified compliance theme, it is also regularly discussed in the compliance committee. Additional Fraud workshops with senior management was organized to further increase awareness.	• Zero tolerance for fraud and corruption. • Strong informal system of checks and balances. • Several formal rules and policies, including a whistleblower policy and a code of conduct. • Centralized management from Groenlo. • Monitoring control: controllers from Groenlo are appointed to management positions at international sites. • Various e-learning programs and workshops are provided on fraud to senior management. • The company has an anti-bribery and corruption policy.

Risk type	Risk description	Developments in 2024	Mitigation
Compliance	**Product compliance** *Not complying with legislation from a product perspective could damage reputation and result in fines.* **Risk appetite** LOW **Impact trend** – **Likelihood trend** ↑	Compliance standards for the products that Nedap develops and sells continue to increase. The greater focus on circularity and sustainability has resulted in more comprehensive product legislation and regulations. Nedap actively monitors these developments and integrates them into the design and development work within the business units. The upcoming law on producer circularity could also influence the way Nedap designs products, which could lead to additional costs and resources.	• Third-party evaluation and certification of products, reference to suitable products in manuals. • Pre-sales verification of required certificates for each region. • ATON product master data up to date. • New legislation, especially related to sustainability, is monitored constantly to ensure that new designs meet relevant requirements.
Compliance	**Reporting** *Inaccurate or incomplete information provided to shareholders and other stakeholders.* **Risk appetite** LOW **Impact trend** ↑ **Likelihood trend** ↑	Nedap is experiencing increasing regulatory pressure when it comes to reporting. Examples are the EU Taxonomy and the CSRD.	• Reporting based on the International Financial Reporting Standards (IFRS) as adopted by the European Commission, which are compulsory standards for listed companies in the Netherlands, and the auditing of figures by an independent external auditor. •The Group Controlling department in Groenlo plays a leading role in terms of financial management. This department has set up a reporting system designed to ensure the uniform and correct handling of all financial and business matters, with the added focus of preventing possible fraud. • Implementation of best practices and principles of the Dutch Corporate Governance Code in our governance model. • Dedicated team, supported by an external professional adviser, for compliance with the CSRD.

3.3 Corporate Governance

This chapter outlines Nedap's corporate governance practices. It provides an overview of the composition and structure of our Board of Directors and Supervisory Board, detailing their roles and responsibilities, and specifying their relationship with the annual general meeting. Our governance framework ensures a sound and transparent system of checks and balances.

Board of Directors

Composition

The Board of Directors consists of three executive members: the CEO, the CFO and the CCO.

Details of the members of the Board of Directors

Mr. R. M. Wegman
(1966)

CEO

Nationality:
Dutch

Working for Nedap since:
1 July 1997

First appointment to the Board of Directors:
21 May 2003*

Relevant additional positions:
None

Supervisory Board memberships:
Koninklijke Barenbrug B.V. (member)

* Titular director from 1 January 2002. Director under articles of association since 21 May 2003.

Ms. D. van der Sluijs
(1972)

CFO

Nationality:
Dutch

Working for Nedap since:
1 March 2020

First appointment to the Board of Directors:
25 June 2020*

Relevant additional positions:
None

Supervisory Board memberships:
Witteveen+Bos (member)

* Titular director from 1 March 2020 to 25 June 2020. Director under articles of association since 25 June 2020.

Mr. R. Schuurman
(1969)

CCO

Nationality:
Dutch

Working for Nedap since:
1 March 2004

First appointment to the Board of Directors:
12 April 2022*

Relevant additional positions:
None

Supervisory Board memberships:
None

* Titular director from 1 January 2022 to 12 April 2022. Director under articles of association since 12 April 2022.

Responsibilities

The Board of Directors is responsible for governing the company and ensuring Nedap's continuity. The Board of Directors has therefore developed a vision and strategy for sustainable long-term value creation that takes into account an acceptable risk profile, the impact of the Nedap organization's actions on people and the environment and the interests of relevant stakeholders.

The Board of Directors is responsible for implementing this strategy and its results. In formulating the long-term sustainable value creation strategy, the Board of Directors liaises with the Supervisory Board, while also being accountable to shareholders. The Board of Directors is also responsible for compliance with applicable legislation and regulations and managing the risks involved in the company's business activities by adequately structuring internal risk management and control systems. The Board of Directors renders account to the Supervisory Board regarding the effectiveness of the structuring and functioning of these risk management and control systems. Certain decisions by the Board of Directors require the Supervisory Board's approval. Article 18 of the articles of association specifies what decisions are subject to Supervisory Board approval. In 2024, an Alignment Team was in place to take discussions on Nedap-wide topics and decision-making preparations to a higher level and bolster support across the organization for decisions by the Board of Directors. The Alignment Team consisted of the Board of Directors, the business unit leaders, the team lead Human Resources, team lead IT and the General Counsel. It held regular meetings and served as a sounding board for the Board of Directors. In 2024, some members of the Alignment Team formed a working group to explore ways to better align this function with Nedap's dynamic strategy.

Appointment

Directors are appointed by the Supervisory Board. The Supervisory Board notifies the annual general meeting of the proposed appointment. The Supervisory Board will not dismiss a director until the annual general meeting has been able to decide on the proposed dismissal.

Remuneration and employment and management terms

Each individual director's remuneration and employment terms are set by the Supervisory Board in compliance with the company's remuneration policy as adopted by the general meeting. The aim of this remuneration policy is to have a compensation package for the Board of Directors that is adequate for attracting and retaining qualified and expert directors, while also ensuring and advancing the medium- and long-term interests of the company. More information about the remuneration policy is available at our Corporate Governance webpage. For more details on the implementation of the remuneration policy in the 2024 financial year, please refer to section 4.2 2024 Remuneration report.

A proposal for an amended remuneration policy will be submitted to the annual general meeting on 17 April 2025.

Supervisory Board

Composition

The Supervisory Board comprises five non-executive members. For more information about the members of the Supervisory Board and a skills matrix, we refer to section 4.1 Report of the Supervisory Board.

Per 1 January 2024, the Supervisory Board established two committees, the Audit & Risk Committee and the Remuneration Committee, to keep the execution of tasks, decision-making and meetings of the Supervisory Board efficient and effective, with the right focus. For more information on these committees, we refer to section 4.1 Report of the Supervisory Board.

Responsibilities

The Supervisory Board reviews the governance of the Board of Directors and supervises general operations within Nedap N.V. and affiliated companies. The Supervisory Board also supports the Board of Directors in an advisory capacity. In fulfilling their duties, the members of the Supervisory Board are always guided by the interests of Nedap N.V. and the affiliated companies. The Supervisory Board also assesses the effectiveness of internal risk management and control systems and the integrity and quality of the financial reporting. The profile for the size and composition of the Supervisory Board can be found on the company website. Membership of the Nedap Supervisory Board conforms to the profile described, and its members are independent of the company and of each other. The number of Supervisory Board memberships they hold at Dutch listed companies is within the limit on supervisory positions for Supervisory Board members.

Appointment

Supervisory Board members are appointed by the annual general meeting following a proposal by the Supervisory Board, as specified in the articles of association, generally for a period of four years. This proposal is made on the basis of a profile drawn up by the Supervisory Board. The annual general meeting and the works council may recommend candidates. The works council has an enhanced right of recommendation for a third of the Supervisory Board membership, as laid down in Article 23.5 of the articles of association.

Remuneration

The remuneration of individual members of the Supervisory Board is set by the annual general meeting in compliance with the company's Supervisory Board remuneration policy, as adopted by the annual general meeting. A proposal for an amended remuneration policy will be submitted to the annual general meeting on 17 April 2025.

Annual general meeting

The annual general meeting is held within six months of the end of the financial year. Items on the agenda for the annual general meeting include the annual report, adoption of the financial statements, the remuneration report, dividend payout, discharging the members of the Board of Directors and the Supervisory Board, any notices of proposed appointments of Board of Directors members and any appointments of Supervisory Board members. Key governance decisions that, by law and under the articles of association, must be submitted to the annual general meeting are also addressed, as are any other proposals submitted by the Supervisory Board or the Board of Directors. Shareholders representing at least 1% of the issued share capital may request in writing that an item of their choice be put on the agenda. Requests will be granted (i.e., the requested item will be put on the agenda) if the company has received the request no later than on the 60th day before the day of the annual general meeting.

Extraordinary shareholders' meetings can be convened as often as deemed appropriate by a director or Supervisory Board member, if required by law or if one or multiple shareholders, who jointly represent at least 10% of the issued share capital, submit a timely request to this effect to the Board of Directors and the Supervisory Board. Their request must include a detailed breakdown of the items they want to address. The convocation procedure for an extraordinary shareholders' meeting is specified in Article 31 of the articles of association.

Convocation of an annual general meeting

Annual general meetings are convened either by the Supervisory Board or by the Board of Directors at least 42 days ahead of the meeting date. The convocation notice will be posted on the company's website as per the procedure laid down in Article 46 of the articles of association.

Admission to annual and extraordinary general meetings and meeting rights

Nedap has only issued registered shares. Holders of one or multiple registered shares are authorized to attend the annual and extraordinary general meetings and to speak and vote at the meetings, provided that their entitlement to attend and vote dates back to at least 28 days before the meeting date (the record date) and they have been registered in a register designated by the Board of Directors, regardless of who the beneficiary of the shares is.

Shareholders wishing to attend the annual or an extraordinary general meeting are required to notify Nedap of their intention before a date set by Nedap's Board of Directors through their bank or broker where their shares are held in trust, and by including proof of receipt, which serves as their entrance ticket to the meeting. This date cannot be earlier than seven days ahead of the meeting date.

Voting rights

Every share comes with the entitlement to one vote and there are no restrictions on voting rights.

Independent external auditor

The annual general meeting appoints the independent auditor following nomination by the Supervisory Board. The Supervisory Board oversees the performance of the external auditor and evaluates the performance annually.

Internal auditor

The Board of Directors both appoints and dismisses the internal auditor, after approval by the Supervisory Board. The performance of the internal auditor is evaluated by the Board of Directors on an annual basis, after consultation with the Supervisory Board. An independent third party will assess the performance of the internal auditor at least every five years.

Diversity, Equity and Inclusion

Our policy is available on the website. Further information about DEI is also provided in section 1.4 Our people, in our stakeholder table in section 1.5 Sustainability, in the sections 2.2 Progress on our people, 2.3 Progress on our sustainable impact, 4.1 Report of the Supervisory Board and in section 4.2 2024 Remuneration report (Sustainable organizational and revenue model). Additional information can be found in chapter 5 Sustainability statement, section 5.4 Sustainability governance, subsection 5.4.1, section 5.7 Own workforce, subsections 5.7.1, 5.7.2, 5.7.4, 5.7.5 and 5.7.8.

The Dutch Corporate Governance Code

The Supervisory Board and the Board of Directors are responsible for Nedap's Corporate Governance, as well as for compliance with the 2022 Dutch Corporate Governance Code (Code). Please refer to https://www.mccg.nl/english.

Deviations from the Dutch Corporate Governance Code

Principles and best practice provisions

Nedap largely endorses the Code's basic and broadly supported principles. Nedap applies several of the Code's provisions in a different way, for which we provide solid reasoning. In this report, we are rendering account on our compliance with this Code, which is based on the principle of apply or explain.

3.2.3 Director severance pay

For directors under the articles of association appointed before 1 January 2015, severance pay shall be determined partly by their length of service and partly in light of the permanent nature of their appointment. Directors under the articles of association appointed after 1 January 2015 are subject to the severance pay cap of one annual salary, which is the fixed component of their pay.

3.4.2 Director contract

The key elements of a director's contract with the company are published in a list on the company's website after the contract has been signed, and in all cases no later than the notice convening the annual (or extraordinary) general meeting, during which the appointment of the director will be proposed. For the provision of directors under the articles of association appointed after 1 January 2015, Nedap complies in the sense that members of the Board of Directors are appointed by the Supervisory Board after announcing the proposed decision to the annual general meeting.

4.1.3 Adding the dividend proposal to the agenda

Dividend payment is part of the company strategy and long-term policy. Dividend proposals will therefore not be addressed as an agenda item unless this payment is made partly or fully by drawing on the reserves. The dividend payment will, however, be explicitly included on the agenda as an item for discussion.

4.2.3 Meetings and presentations
Given the company's scale and the limited international spread of Nedap's shareholders, the availability of webcasting, smartphones and other facilities for live viewing of meetings and presentations is restricted. Presentations are posted on the company's website immediately prior to the meeting at which they are given, so that all shareholders can read them.

4.3 Casting votes
Shareholders can vote by proxy or directly by following voting instructions. Given the limited scale of the company and relatively limited spread of outstanding Nedap shares, facilities for communication between shareholders are not yet provided.

Stichting Preferente Aandelen Nedap

Based on best practice provision 4.2.6 of the Code, the Board of Directors must provide a summary of all protective measures that have been taken or could be taken to protect the company from a third party gaining control.

Since 1973, Nedap has been able to issue preference shares as a protective measure. This protection can be deployed if a third party intends to gain control of the company by acquiring a decisive interest or otherwise attempts to adversely affect Nedap, without consideration for its business interests and those of all stakeholders.

Stichting Preferente Aandelen Nedap (the Foundation) was founded for this purpose in 1983. It looks after the interests of Nedap N.V., its business and all stakeholders, providing defense wherever possible against influences that could threaten continuity and conflict with its interests. Nedap has granted the Foundation the right to acquire preference shares, through a call option, under which, on request, the Foundation can acquire preference shares up to a maximum equal to the number of ordinary outstanding shares, less one, at the time the option is exercised. The call option obliges Nedap to issue the number of preference shares requested by the Foundation whenever it makes that request. Consequently, no further decision by any corporate body of Nedap is required; the decision was made when the option was granted to the Foundation. If preference shares are issued, the Foundation must pay at least 25% of their nominal value in cash.

The board of the Foundation is made up of the following people:
- Mr. N. W. Hoek, chairman
- Mr. A. C. Metzelaar
- Ms. A. P. M. van der Veer-Vergeer
- Mr. R. P. Voogd
- Mr. G. van de Weerdhof

The composition of the board is intended to ensure that the interests of all Nedap stakeholders are looked after in the decision-making process to the maximum degree. According to both the directors of this Foundation and those of Nedap, the Foundation is independent from Nedap, as specified in Article 5:71(1)(c) of the Dutch Financial Supervision Act ('Wet op het Financieel Toezicht'). Preference shares take precedence over ordinary shares when it comes to dividend payment or pay-out of capital paid up on shares, the latter occurring in the event of Nedap’s liquidation.

Other

Material transactions

To the best of Nedap's knowledge, there are no:
- material transactions between legal or natural persons who hold at least 10% of the shares in Nedap, as meant by provision 2.7.5 of the Code;
- material transactions of the company with a related party that are outside the framework of normal operations or not in line with normal market conditions (Article 2:167 Dutch Civil Code); and
- restrictive agreements with shareholders.

To the best of Nedap's knowledge, its shareholders are not a party to an agreement that could lead to restrictions on trading in Nedap shares or on voting rights.

Change of control

The standby roll-over credit agreement (€14 million) that Nedap has entered into with its bank includes a provision under which the bank can demand early repayment of the loan if there is a significant change in control over Nedap's activities. It is not unusual for other long-term alliances, in which Nedap is a party, to also include the possibility of terminating the agreement with immediate effect in the event of a change of control. A change of control, however, is not expected to have a significant impact on Nedap's financial performance. Nedap has not entered into agreements with directors or other employees under which personal rights to compensation can be derived upon termination of their employment after the settlement of a takeover bid for Nedap shares.

Issue of shares in the company

As per the articles of association, the Board of Directors is only authorized to issue shares if the annual general meeting designates it as the body authorized to issue shares. The annual general meeting of 11 April 2024 designated the Board of Directors as the body authorized to issue ordinary shares in the capital of Nedap and to grant rights to subscribe to shares in Nedap's capital. The Board of Directors' authority to issue shares is limited to a maximum of 10% of the total issued share capital at the time of issue. This requested designation has been granted for a period of 18 months. A resolution by the annual general meeting to issue shares, to designate the Board of Directors as the body authorized to issue shares or the withdrawal of a resolution to designate can only be passed on a proposal of the Board of Directors, with the prior approval of the Supervisory Board. A resolution to issue shares by the Board of Directors, provided that the Board of Directors has been designated as the body authorized to issue shares, is always subject to Supervisory Board approval in each specific case. Preferential rights can be limited or excluded by the body appointed to decide on share issues. The shareholders' decision to adopt the proposal to designate the Board of Directors has been published on our website.

Share buybacks

Nedap may only acquire its own fully paid-up shares for no consideration. An acquisition, other than for no consideration, is only possible if:

1. shareholders' equity, less the purchase price, is not less than the paid-up and called-up part of the capital, plus the reserves that must be maintained by law and/or under the articles of association; and
2. the nominal amount of the company's own shares is no more than 50% of the issued share capital; and
3. the annual general meeting has appropriately authorized the Board of Directors. This authorization is not required to acquire the company's own shares or depository receipts in order to transfer them to employees under an applicable plan.

In accordance with Article 13 of the company's articles of association and without prejudice to the provisions of Article 2:98 of the Dutch Civil Code, the annual general meeting of 11 April 2024 authorized the Board of Directors to acquire ordinary shares up to a maximum of 10% of the total issued share capital of Nedap N.V. After such an acquisition, Nedap N.V. or one or several of its subsidiaries, can never hold more than 10% of the total issued share capital of ordinary shares in Nedap N.V. for their own account. The ordinary shares can be acquired through purchase on the stock market or otherwise at a price that lies between the nominal value of the ordinary shares and 110% of the average closing price of the ordinary shares on the Euronext Amsterdam N.V. stock exchange over the five consecutive trading days prior to the day of purchase.

The requested authorization will be valid for a period of 18 months, starting from 11 April 2024. The decision by the shareholders has been published on our webpage.

Amendment of the articles of association
Nedap's articles of association may be amended by a resolution of the annual general meeting after approval by the Board of Directors and Supervisory Board.

Consolidated non-financial statement

With the adoption of the European Sustainability Reporting Standards (ESRS), Nedap also ensures compliance with the reporting requirements related to sustainability information as described in the Non Financial Reporting Directive (NFRD).

Corporate Governance statement

The Corporate Governance Statement specified in the Decree on the content of the Directors' Report is part of this Directors' Report. The required information can be found in this chapter, Governance & risk. Additional information can be found in chapter 4 Report of the Supervisory Board. Regarding DEI, please refer to section 1.4 Our people, in our stakeholder table in section 1.5 Sustainability, in the sections 2.2 Progress on our people, 2.3 Progress on our sustainable impact, 4.1 Report of the Supervisory Board and in section 4.2 2024 Remuneration report (Sustainable organizational and revenue model). Additional information can be found in chapter 5 Sustainability statement, section 5.4 Sustainability governance, subsection 5.4.1, section 5.7 Own workforce, subsections 5.7.1, 5.7.2, 5.7.4, 5.7.5 and 5.7.8.

The Directors' Report also includes information required under the Decree ratifying Article 10 of the Takeover Directive to the extent that it applies to Nedap N.V.

Directors' statement

In line with best practice provision 1.4.3 of the Code, the Board of Directors states to the best of its knowledge that:

1. the Directors' Report (the complete annual report without chapter 5 Financial statements) as included in this report offers an adequate level of insight into the shortcomings in the operation of Nedap's internal risk management and control systems;
2. the aforementioned systems provide reasonable assurance that Nedap's financial reporting is free from material misstatement;
3. the aforementioned systems provide limited assurance that Nedap's sustainability statement is free from material misstatement;
4. the report reflects the status of Nedap's current operations and the fact that financial reporting has been prepared on a going concern basis; and
5. the Directors' Report contains material risks and uncertainties that are relevant in the formulation of expectations as to Nedap's continuity.

Despite the internal risk management and control systems, material errors, fraud and unlawful actions can still take place. The systems therefore do not provide absolute assurance that targets will be achieved. They have been developed to obtain reasonable assurance as to the effectiveness of controls implemented to mitigate the financial and operational risks related to organizational objectives.

Additionally, the Board of Directors states, in compliance with Article 5:25(c) of the Dutch Financial Supervision Act and to the best of its knowledge, that:

1. the financial statements provide a faithful representation of the assets, liabilities, financial position and profit/loss of the issuing entity and the companies included in the consolidation; and
2. the Directors' Report provides a faithful representation of the position of the company and consolidated businesses on 31 December 2024 and of Nedap's development and performance during the 2024 financial year and describes the significant risks the company is facing.

Groenlo, the Netherlands, 3 March 2025

Board of Directors
Mr. R. M. Wegman, CEO
Ms. D. van der Sluijs, CFO
Mr. R. Schuurman, CCO

4. Report of the Supervisory Board

4.1 Report of the Supervisory Board

In this report, the Supervisory Board provides a summary of its supervisory work performed in the 2024 financial year.

Message from the Chairman

The year 2024 was marked by both challenges and progress as Nedap continued to navigate a dynamic business environment. Geopolitical unrest continued worldwide, while growing environmental awareness contributed to uncertainty. While revenue and profitability were under pressure, the company achieved significant growth in recurring revenue, underscoring the strength of its SaaS based offerings and the execution of its long-term strategy. These results highlight Nedap's ability to adapt and innovate, reinforcing its focus on creating sustainable value through its Digital Twin Technology and strengthening its position in its four key markets.

At the 2024 Capital Markets Day, Nedap presented an update on its Create & Scale strategy and outlined its financial objectives for 2025-2028. These objectives highlight Nedap's focus on sustainable long-term value creation.

The year 2024 also marked a focus on enhanced governance. The Supervisory Board established two new committees: the Audit & Risk Committee and the Remuneration Committee. These committees were formed to strengthen oversight and ensure focused attention on important areas such as financial integrity, risk management, and executive performance and remuneration, in alignment with the updated Dutch Corporate Governance Code.

On the sustainability front, Nedap built upon the initiatives of previous years. Concrete actions, such as the further implementation of the double materiality assessment results and integration of sustainability into decision-making, have strengthened Nedap's impact. The enthusiasm and engagement of employees in these initiatives highlight the strength of Nedap's culture and continue to inspire the organization.

On behalf of the Supervisory Board, I would like to express our gratitude to the Board of Directors and all Nedap employees for their dedication and achievements in 2024. Their efforts remain the cornerstone of the company’s success. Our appreciation also goes to our shareholders and customers for their continued trust in Nedap. Finally, I extend my thanks to my colleagues on the Supervisory Board for their commitment and constructive collaboration throughout the year.

With confidence, I look forward to 2025, as Nedap continues to build on its solid foundation and pursues its mission to create technology that matters.

Peter van Bommel

Details of the members of the Supervisory Board

Mr. P. A. M. van Bommel

(1957)

Chair of the Supervisory Board
Member of the Remuneration Committee

Nationality:
Dutch

Profession/most recent primary position:
CFO of ASM International (until May 2021)

First appointment:
24 June 2021

Current term:
2021-2025

Relevant additional positions

- Non-executive director at SES S.A. (listed on Euronext Paris and Luxembourg)
- Member of the Board of Stichting Bernhoven
- Chair of the advisory board of the Executive Master of Finance & Control program at Amsterdam Business School (University of Amsterdam)
- Member of the Supervisory Board of Stichting Glorieux
- Member of the advisory board of the University of Amsterdam's Faculty of Economics and Business

Supervisory Board memberships

- Chair of the Supervisory Board of Aalberts N.V.

Mr. J. M. L. van Engelen

(1959)

Vice-chair of the Supervisory Board
Chair of the Remuneration Committee

Nationality:
Dutch

Profession/most recent primary position:

- Emeritus professor of Integrated Sustainable Solutions, Faculty of Industrial Design Engineering, Delft University of Technology
- Emeritus professor of Business Development, Faculty of Economics and Business, University of Groningen

First appointment:
16 April 2013

Current term:
2023-2025.

Relevant additional positions

- Member of the advisory board of ArQiver
- Member of the advisory board of EMBA Sustainability University of Groningen

Supervisory Board memberships

- Supervisory Board member at Espria (until 1 July 2024)
- Supervisory Board member at Pensioenfonds Zorg & Welzijn (until 1 September 2024)
- Board member at Stichting Triade (UMCG)

Ms. M. Pijnenborg

(1970)

Member of the Supervisory Board
Member of the Remuneration Committee
Member of the Audit & Risk Committee

Nationality:
Dutch

Profession/most recent primary position:
Board member and entrepreneur

First appointment:
4 April 2019

Current term:
2023-2027

Relevant additional positions

- Founder of and investor in Boralis B.V.
- Member of the board of Tanka Foundation
- Member of the advisory board of the University of Amsterdam's Faculty of Economics and Business

Supervisory Board memberships

- Member of the Supervisory Board of The Mouse Mansion Company B.V.

Mr. S. C. Santema

(1960)

Member of the Supervisory Board
Member of the Audit & Risk Committee

Nationality:
Dutch

Profession/most recent primary position:
Founder and director Scenter B.V., professor of Business to Business Marketing and Supply Management, Faculty of Industrial Design Engineering, Delft University of Technology

First appointment:
13 April 2023

Current term:
2023-2027

Relevant additional positions
- Board member of Stichting Aethos, promoting the 'reuse' and 'remanufacture' of aircraft materials

Supervisory Board memberships
None

Ms. M. A. Scheltema

(1954)

Member of the Supervisory Board
Chair of the Audit & Risk Committee

Nationality:
Dutch

Profession/most recent primary position:
Professional Supervisory Board member

First appointment:
5 April 2018

Current term:
2022-2026

Relevant additional positions
- Expert Member of the Enterprise Chamber at the Amsterdam Court of Appeal
- Partner at Scheltema Tammenoms
- Chair of the Netherlands Eye Association
- Member of the Sijthoff jury (Best Annual Report of listed companies)

Supervisory Board memberships
- Member of the Supervisory Board of Stichting Open Nederland
- Vice-chair of the Supervisory Board of the Nederlandsche Bach Society (until December 2024)
- Vice-chair of the Supervisory Board of the Nederlands Fotomuseum

Supervisory Board composition and skills matrix

The Supervisory Board supervises, evaluates progress and performance, maintains a healthy and transparent system of checks and balances, and assists the Board of Directors with advice where necessary. The focus is on long-term sustainable value creation in the interest of all of the company's stakeholders. The composition of the Supervisory Board is in line with the profile published on Nedap's website, which was evaluated and updated in 2024 to align with evolving corporate governance standards and the company's strategic priorities.[1] The composition is as such that the members of the Supervisory Board are able to operate independently of and critically toward each other, the Board of Directors, and any kind of particular interest. For more information about the rotation schedule, please refer to our Corporate Governance webpage.

[1] The updated profile will be published on Nedap's website following its discussion as an agenda item during the annual general meeting on 17 April 2025.

Supervisory Board composition and skills matrix

	Mr. P. A. M. van Bommel	Mr. J. M. L. van Engelen	Ms. M. Pijnenborg	Mr. S. C. Santema	Ms. M. A. Scheltema
Composition					
Age group					
45-54			x		
55-64				x	
65-74	x	x			x
Gender	Male	Male	Female	Male	Female
Nationality	Dutch	Dutch	Dutch	Dutch	Dutch
Competences					
Executive leadership	++	++	++	+	++
Strategy	++	++	++	++	++
International business	++	+	+	+	++
Technology and innovation	+	++	++	++	+
Value chain management	+	+	+	++	+
People and culture	+	+	++	+	++
Sustainability	+	++	++	+	+
Finance, governance and risk	++	+	+	++	++
IT and cybersecurity	++	++	+	+	+

+ = possesses a sufficient level of expertise, skills and experience in the area and can make a balanced impartial judgment

++ = in addition, acknowledged as an expert in the respective areas (max. 5 per person)

Explanatory notes:

The purpose of this matrix is to provide an overview of the experience and competencies that Nedap deems most relevant to its stakeholders.

The matrix represents the extent to which the company's Supervisory Board members have such experience and competencies.

For the purpose of creating this overview, each of the members of the Supervisory Board may have a maximum of five specific areas of expertise, and they are considered experts within the respective domain.

The composition of the Supervisory Board meets current gender diversity requirements. The Supervisory Board believes that the current composition constitutes a good balance between the various required skills, relevant knowledge, and experience, enabling the Supervisory Board to adequately fulfil its statutory duty of supervising and advising the Board of Directors. In the Supervisory Board's view, the Supervisory Board meets the requirements of independence, as specified in best practice provisions 2.1.7 to 2.1.9 inclusive of the Corporate Governance Code.

Financial statements

PricewaterhouseCoopers Accountants N.V. (PwC) audited the financial statements and issued a comprehensive unqualified auditor's report, which is included in the report in section 6.3 Independent auditor's report. The auditor also had the usual final evaluation with the Board of Directors and Group Controlling department this year, and the Audit & Risk Committee. The full Supervisory Board subsequently discussed the auditor’s report and the 2024 report with the Board of Directors and the auditor, covering topics such as integrity and the quality of the company's financial and sustainability reporting, material considerations regarding reporting, and material risks and uncertainties. The outcome of this discussion was incorporated into the audit certificate where necessary. No further specifics were raised in a subsequent meeting with the auditor, which was not attended by the Board of Directors.

The Supervisory Board is briefed on the company's operations on a regular basis through financial reports with explanatory notes from the Board of Directors.

In addition, the Supervisory Board receives detailed quarterly reports on the financial results achieved over the previous three months and progress made on the annual plans. The Supervisory Board had regular meetings with managers and other employees from the various business units again this year to get a good idea of developments in the market and at each business unit. Based on the reports and these meetings, the Supervisory Board is confident that the 2024 annual report provides a solid foundation for the Supervisory Board's accountability vis-à-vis its supervision of the Board of Directors' management of the company.

The Supervisory Board therefore advises the annual general meeting to adopt the 2024 financial statements.

Dividend

The Board of Directors and the Supervisory Board consider it prudent to pay a dividend of €3.20 per share. Nedap maintains the required reserves to be able to guarantee its continuity amidst difficult market conditions and stay on the strategic course that the company has set.

As required under article 43.3 of Nedap's articles of association, any profit not added to the reserves as per article 43.1 of Nedap's articles of association is paid out to holders of ordinary shares in Nedap. As a result, the total amount available for payment will be €21.1 million, which means a payment of €3.20 per ordinary share (€3.20 in 2023).

Strategy

In 2024, the Supervisory Board monitored and provided oversight regarding Nedap's strategic development, particularly with regard to the refined Create and Scale strategy and its implementation in the company’s four key markets: Healthcare, Livestock, Retail, and Security. The strategy emphasizes leveraging Digital Twin Technology and Nedap's unique competitive edge to drive sustainable growth.

The Supervisory Board engaged in multiple strategy sessions, where it reviewed and discussed the refinement and execution of strategic priorities with the Board of Directors and the business unit directors. These sessions facilitated in in-depth discussions on the transition from business units to a focused approach on four key markets. The Supervisory Board assessed progress in aligning these markets with Nedap's broader value creation goals and evaluated the performance and scalability of key solutions across their development phases (Create, Scale or Core).

During the Capital Markets Day, Nedap presented updates to its Step Up! strategy, focusing on sustainable growth targets, including high single-digit organic revenue growth, operating margin expansion, and achieving a return on invested capital (ROIC) of at least 30%. These goals reflect Nedap's commitment to sustainable long-term value creation while strengthening its position in key markets. The Supervisory Board expressed satisfaction with the refined strategy and its alignment with Nedap's overarching goals.

The Supervisory Board provided oversight and observations on several strategic initiatives, such as:

- Portfolio optimization, including the continued investment in high-potential solutions and the divestment of non-core activities.
- Leadership development, ensuring the organization is well positioned to implement its strategy effectively.
- Reflection on lessons learned from previous initiatives, encouraging a culture of continuous improvement across business units.

Specific strategic updates in 2024 included:

- Healthcare: Focused on scaling strategic pillars, supporting the transition to networked care models, and exploring new opportunities in emerging healthcare sectors.
- Livestock: Examined technology's role in enhancing productivity in the dairy sector while addressing market volatility.
- Retail: Considered the adoption of RFID technology and SaaS solutions to meet increasing demands for real-time, end-to-end visibility in retail operations.
- Security: Reviewed advancements such as PIAM (Physical Identity and Access Management) to address growing regulatory requirements and enhance user experiences.

The Supervisory Board emphasized the importance of clear strategic choices and the disciplined implementation to capitalize on identified opportunities. Discussions underscored Nedap's entrepreneurial culture and its ability to adapt to external changes while maintaining a long-term focus.

In conclusion, the Supervisory Board remains confident in Nedap's strategic direction and its ability to achieve sustainable growth. The Supervisory Board appreciates the leadership team's dedication and is committed to fulfilling its role in providing oversight and guidance to support the company's strategic priorities.

Sustainability as part of the long-term strategy

Throughout 2024, the Supervisory Board, and in particular the Audit & Risk Committee, engaged regularly with the Board of Directors and management to review sustainability policies and initiatives. Key discussions focused on the integration of sustainability into Nedap's business model and the progress made in achieving the company’s sustainability goals. The Supervisory Board acknowledges the importance of transparency and accountability in this area and recognizes the progress achieved over the past year. The Supervisory Board also encourages Nedap to explore how sustainability can be leveraged more prominently as a differentiating factor in the market. By clearly communicating the impact of its initiatives, Nedap can further enhance its competitive position and reputation in responsible innovation.

Looking ahead to 2025, the Supervisory Board will continue to closely monitor the further embedding of sustainability within Nedap's business practices. Particular attention will be given to compliance with evolving regulations, such as the Corporate Sustainability Reporting Directive, and ensuring that sustainability responsibilities remain well-defined. The Supervisory Board will also focus on the quality and transparency of non-financial reporting to ensure alignment with both Nedap's strategic ambitions and its obligations.

Diversity, Equity and Inclusion

DEI remains an important part of Nedap's strategic vision, with continued efforts to foster an inclusive and equitable work environment. In 2024, key initiatives included the appointment of a DEI Lead, the formation of a dedicated DEI team to drive initiatives across business units, and a survey on female leadership, which provided valuable insights for future improvements. Looking ahead, focus areas include gender equality, with a leadership and mentoring program to support the development of women into senior roles, and inclusive leadership training for managers. Nedap remains committed to making structural progress, with a long-term ambition to align female representation in senior leadership with the overall workforce composition by 2028. For more information, please refer to section 2.2 Progress on our people.

Collaboration and responsibilities

In 2024, the Supervisory Board continued its oversight through direct engagement with managers and employees across Nedap's business units. These discussions enhanced communication and provided valuable insights into key operational and strategic developments. The Supervisory Board also maintained regular and constructive dialogue with the Works Council, ensuring a clear understanding of company-wide priorities and challenges.

Risk management

In 2024, the Supervisory Board maintained its active oversight of risk management at Nedap, with a continued focus on ensuring a structured and proactive approach. Periodic reviews of key risks and trends took place, aligning with the Supervisory Board's commitment to thorough supervision. The risk management process was further refined, with strategic risks discussed in the first half of the year and operational, legal, and compliance risks reviewed separately in the second half, allowing for a more in-depth assessment. This structure provided clearer insights and reinforced risk ownership across the organization.

Nedap made progress in embedding risk awareness and accountability within business units, with increasing involvement from leadership. However, discussions highlighted the need to further formalize risk ownership, including assigning clear responsibilities for risk identification, monitoring and mitigation. The Supervisory Board emphasized that making risk management more actionable remains a key priority. The existing Risk Control Framework was assessed as functioning adequately, with a recommendation to further align it with Nedap's evolving leadership structure and the integration of sustainability-related risks (CSRD).

The growing importance of cybersecurity and IT-related risks remained a key focus area, as these risks affect both Nedap's internal operations and its solutions. The Supervisory Board took note of increasing regulatory requirements, such as NIS2.

The Supervisory Board also reviewed risk identification and monitoring processes, including the role of concern control in cross-evaluating risk exposures. Ensuring consistency in risk assessment across business units was identified as an area for further refinement. The Supervisory Board welcomed steps taken to enhance risk monitoring, including a more structured approach to tracking emerging risks and ongoing discussions on how best to balance soft controls with hard controls where required.

In addition, attention was given to fraud risk management, with a focus on implementing a clear policy supported by concrete actions. The Supervisory Board underscored the importance of ensuring that risk mitigation measures are both practical and enforceable, with clear accountability.

Finally, the Supervisory Board reviewed and endorsed the updated Risk Control Framework. It was agreed that the framework should be further refined in 2025, incorporating lessons learned and ensuring alignment with the company’s strategic planning and leadership structure.

In summary, the Supervisory Board acknowledged the structured and proactive approach taken by the organization in risk management and approved the updated Risk Control Framework, as detailed in chapter 3 Governance & risk, section 3.2 Risk management & internal controls. The Supervisory Board remains committed to ensuring that risk management continues to evolve in response to emerging risks, regulatory developments, and Nedap's strategic priorities.

Committees

As of January 2024, the Audit & Risk Committee and the Remuneration Committee have been established. The aim of the committees is to keep the execution of tasks, decision-making, and meetings of the Supervisory Board efficient and effective, with the right focus. The key discussions and outcomes of the committee meetings are systematically reported and deliberated upon in the plenary Supervisory Board meetings.

Audit & Risk Committee

The Audit & Risk Committee supports the Supervisory Board in overseeing the integrity and quality of Nedap's financial reporting and the effectiveness of its internal risk management and control systems. The Audit & Risk Committee consists of Margot Scheltema (Chair), Marijn Pijnenborg, and Sicco Santema, who collectively bring extensive expertise in financial oversight and risk management.

The committee's role is described in its charter, which is part of the Supervisory Board rules and can be accessed on Nedap's Corporate Governance webpage. In 2024, the committee met five times with the CFO and relevant experts. The internal auditor and external auditor, PwC, participated in four of these meetings.

Key topics discussed during these meetings included:

- The progress of the integrated audit activities and follow-up on action plans.
- Financial reporting, including the annual report and financial statements.
- The effectiveness of Nedap's internal risk management systems, including the risk assessment process.
- Business continuity and Information security, including updates on cybersecurity initiatives and audits.
- The external auditor selection process.
- Compliance-related topics, including the Nedap's readiness for CSRD reporting requirements.
- Nedap's tax policy.

Remuneration Committee

The Remuneration Committee advises the Supervisory Board on matters related to the remuneration policy for the Board of Directors and other senior management. The committee also monitors and evaluates matters relating to the nomination, selection and appointment of the members of the Boards, leadership and people & culture (including DEI). The Remuneration Committee consists of Jo van Engelen (Chair until 31 December 2024), Marijn Pijnenborg (Chair as of 1 January 2025), and Peter van Bommel.

The committee's role is described in its charter, available as part of the Supervisory Board rules on the governance webpage. In 2024, the Remuneration Committee met five times.

Key topics discussed during these meetings included:
- Implementation of the remuneration policy, as further detailed in the remuneration report, including the evaluation of variable remuneration for the Board of Directors in 2024.
- The revision of the remuneration policy for the Board of Directors and the Supervisory Board.
- Leadership development, with a specific focus on filling and progressing senior leadership positions in key markets, talent management and succession planning.
- The development of the Supervisory Board profile and updates on its composition, including the search process for a new Supervisory Board member.
- The evaluation of the performance of the Board of Directors.
- Progress on DEI initiatives.

In 2024, the committee was actively involved in the development of a revised remuneration structure for both the Board of Directors and the Supervisory Board. Additionally, the committee played a central role in the search process for a new Supervisory Board member to succeed Margot Scheltema, whose second term will end in 2026. This staggered succession approach ensures a smooth transition, with the nomination for the new member's appointment scheduled for the AGM in 2025. Leadership development and succession planning, while key topics for the Remuneration Committee, were also addressed as separate agenda items during plenary Supervisory Board meetings, reflecting their strategic importance.

Outcome of the auditor selection process

In 2024, the Supervisory Board and the Audit & Risk Committee, with the support of Nedap's finance team and the internal auditor, conducted a selection process for the appointment of a new external auditor, in line with mandatory audit firm rotation requirements. Based on this process, the Supervisory Board nominates KPMG to be appointed as Nedap's external auditor, effective for the reporting year 2026.

Several factors contributed to this decision. KPMG demonstrated strong enthusiasm and commitment to working with Nedap, underlining the company's appeal due to its distinctive culture and strategic focus. The signing partner proposed by KPMG has extensive experience with listed companies ensuring the necessary expertise for Nedap's anticipated growth trajectory.

KPMG's engagement team showcased a high level of preparation and responsiveness. Additionally, KPMG expressed a clear ambition to enhance the efficiency of the audit process and align with Nedap's strategic goals.

The Supervisory Board is confident in KPMG's ability to deliver the required knowledge, skills, and commitment as Nedap's external auditor. This proposal reflects the Supervisory Board's focus on ensuring a seamless transition and securing a strong, experienced audit partner to support Nedap's growth and evolving regulatory environment.

Internal auditor

The internal audit function is intended to provide independent assurance on the effectiveness of governance, risk management and control processes, including compliance with and effectiveness of internal controls, thus adhering to best practice principle 1.3 of the Corporate Governance Code.

The internal audit function was set up bearing in mind the Institute of Internal Auditors' (IIA) Three Lines Model, which is used to manage governance and the risk management structure within an organization and is aligned with the COSO framework for internal control. In this Three Lines Model, the internal auditor is the third line.

The internal audit function reports to Nedap's CEO. The Supervisory Board oversees the internal audit function and has regular contact with the internal auditor. The Board of Directors assesses the internal auditor's performance on an annual basis, for which they also seek the Supervisory Board's opinion.

In early 2024, the Supervisory Board reviewed and approved the work plan for the year 2024 in collaboration with the internal auditor. In this plan, the input from the external auditor has been incorporated. Throughout the year, the Audit & Risk Committee was regularly updated on the progress of the various audit activities undertaken by the internal auditor. Additionally, the internal auditor kept the external auditor informed about the ongoing progress. The outcomes of the 2024 work plan are scheduled for evaluation in early 2025. The internal control activities in 2024 primarily focused on the selection process and preparation for the transition to a new audit firm, subject to appointment by the annual general meeting in 2025, and on operational audits, and also included follow-up actions from previous audits and analyses.

Meetings and attendance

Throughout the year, the Supervisory Board had six ordinary meetings with the Board of Directors. Three brief meetings were held to discuss the quarterly updates and the half-yearly report. As mentioned above, the Supervisory Board was also involved in the strategy event held in July 2024 to discuss progress made on the Create & Scale plan. All the above meetings were attended by all the members of the Supervisory Board. Several of the ordinary meetings were preceded by internal deliberations by the Supervisory Board. The brief meetings were conducted online, while the ordinary meetings primarily took place in person, with some being hybrid. Away from the meetings, the Supervisory Board regularly liaised with the Board of Directors by email, telephone or video call to discuss various topics. Where relevant, Supervisory Board members paid working visits to the organization to keep up to date with the latest state of affairs at the company and with market developments. The intensive and open communications enabled timely and prudent decision-making.

Name	Supervisory Board Attendance	Audit & Risk Committee Attendance	Remuneration Committee Attendance
Peter van Bommel	9/9	n/a	5/5
Jo van Engelen	9/9	n/a	5/5
Marijn Pijnenborg	9/9	3/5	5/5
Sicco Santema	9/9	4/5	n/a
Margot Scheltema	9/9	5/5	n/a

Education

In 2024, the Supervisory Board identified areas where further education was required, particularly in emerging technologies developments and regulatory frameworks. For instance, the Audit & Risk Committee received an in-depth briefing on the implications of the NIS2 regulation, enhancing the Supervisory Board's understanding of its impact on cybersecurity and compliance.
Additionally, recognizing the transformative potential of artificial intelligence, a technology day is planned to be organized in 2025, focusing on the strategic implications of AI for Nedap.
These educational activities align with the best practice provisions from the corporate governance code.

Evaluation and appraisal

One of the principles of the Dutch Corporate Governance Code says that the Supervisory Board is collectively responsible for its own performance. In this context, the Dutch Corporate Governance Code considers self-evaluation a best practice. During a private meeting, the Supervisory Board evaluated and assessed its own performance, the performance of its committees and the individual members. The main takeaways are the following:

- The Supervisory Board concluded that it had sufficient time and capacity in 2024 to fulfill its supervisory responsibilities effectively.
- The collective expertise of its members was seen as complementary and well-balanced, ensuring comprehensive oversight of the company's strategic developments.
- As part of the self-evaluation, the Supervisory Board also reviewed the functioning of the newly established committees. A discussion was held on optimizing communication between the committees and the full Supervisory Board. It was agreed that further alignment is needed on the division of topics between committee and plenary Supervisory Board agendas to ensure efficiency and focus.
- The necessity of committees was discussed in light of increasing governance requirements. The Supervisory Board emphasized the importance of ensuring that governance matters do not overshadow substantive discussions on strategic topics.

Without the Board of Directors present, the Supervisory Board evaluated and assessed the performance of the Board of Directors and its individual members. In the Supervisory Board's view, the Board of Directors demonstrated a strong and effective performance in 2024. The evaluation of the Supervisory Board and its individual members took place through individual meetings with the Board of Directors as a whole and with its individual members, as well as discussions with a delegation of Nedap's senior leadership and the Works Council. Topics such as communication with the Supervisory Board, individual objectives, collaboration within the Supervisory Board, Nedap's senior leadership, the business units, and the corporate functions, as well as potential company risks, culture, and behavior, were addressed.

Furthermore, discussions regarding the evaluation of the Board of Directors in the context of the refined strategy also addressed the future composition of leadership, culminating in the January 2025 announcement of CFO Daniëlle van der Sluijs' departure following the annual general meeting in April 2025.

Other

Finally, further topics covered by the Supervisory Board over the past year include updates on the development and integration of MediKIT, IP management, and operational and legal affairs. The Supervisory Board has signed off on the tax policy, as set out in the annual report chapter 3 Governance & risk and has approved the decision of the Board of Directors to establish legal entities in Saudi Arabia and New Zealand.

Groenlo, the Netherlands, 3 March 2025

The Supervisory Board
Mr. P. A. M. van Bommel, chairman
Mr. J. M. L. van Engelen, vice-chairman
Ms. M. Pijnenborg
Mr. S. C. Santema
Ms. M. A. Scheltema

4.2 2024 Remuneration report

The Supervisory Board hereby presents the remuneration report for the members of the Board of Directors under the articles of association and the Supervisory Board for the 2024 financial year.

The remuneration report complies with the provisions of Article 2:135(b) of the Dutch Civil Code and the Corporate Governance Code. The remuneration report provides information about the remuneration policy pursued during the 2024 financial year to ensure transparency for all stakeholders. On 8 April 2021, the annual general meeting adopted the current remuneration policy for the Board of Directors.

The purpose of the remuneration policy for the Board of Directors (Board of Directors remuneration policy) is–by analogy with the policy for employees–to be able to attract, motivate and retain qualified and experienced people for our Board of Directors under the articles of association.

The Board of Directors remuneration policy resonates fully with Nedap's vision and strategy. It focuses on the company's continuity and is geared toward sustainable long-term value creation, offering remuneration that is intended to foment ongoing development of employees and the organization, so as to ensure the continued success of Nedap's products and technologies in the various markets in which Nedap operates. Scenario analyses were considered in drawing up the remuneration policy and before calculating individual directors' remuneration.

Accountability for remuneration policy implementation in 2024

At the annual general meeting of 11 April 2024, the 2023 remuneration report was approved by a majority of votes cast (99.93%). Upon review and consideration of this meeting's proceedings on this subject, no amendments to the 2024 remuneration report were deemed necessary. Consequently, the report has been drawn up in the same way.

This 2024 remuneration report will be submitted to an advisory vote at the 2025 annual general meeting, thus rendering account on the implementation of the remuneration policy in the 2024 financial year. The Supervisory Board will take the result of this advisory vote into account and cite it in the remuneration report for 2025.

Transition to the new remuneration policy for the Board of Directors as of 1 January 2025

At the annual general meeting of 17 April 2025, a revised remuneration policy will be presented for adoption, to take effect from 1 January 2025. This policy reflects updates in alignment with Nedap's strategic objectives, governance best practices, and market standards. If adopted, the 2025 remuneration report will provide an account of the first year of implementation under this revised policy.

Remuneration summary

The table below provides a summary of the costs for the current members of the Board of Directors under the articles of association as recognized in the financial statements.

Amounts € x 1,000	Basic income	Variable remuneration	Employee participation plan benefits	Pension costs	Total
2024					
Mr. R. M. Wegman	486	267	49	108	**910**
Ms. D. van der Sluijs	347	189	31	58	**625**
Mr. R. Schuurman	306	166	25	61	**558**
Total	**1,139**	**622**	**105**	**227**	**2,093**
2023					
Mr. R. M. Wegman	466	300	48	102	**916**
Ms. D. van der Sluijs	333	211	27	56	**627**
Mr. R. Schuurman	294	186	22	53	**555**
Total	**1,093**	**697**	**97**	**211**	**2,098**

The table below provides a summary of the remuneration awarded to the current members of the Board of Directors under the articles of association.

Amounts x €1,000		Fixed remuneration		Variable remuneration				Total remuneration	Variable remuneration as % of total remuneration
		1. Basic salary[1]	*2. Pension and other allowances*		*3. Variable remuneration*		*4. Share-based remuneration*		
				3a. Paid out	*3b. Used to purchase depositary receipts[2]*	*4a. Purchase discount for depositary receipts[3]*	*4b. 4:1 Matching depositary receipts[4]*		
Mr. R. M. Wegman, CEO	2024	473	108	-	267	17	48	**913**	**36%**
	2023	455	102	-	300	18	55	930	40%
Ms. D. van der Sluijs, CFO	2024	334	58	47	142	12	-	**593**	**34%**
	2023	321	56	-	211	13	-	601	37%
Mr. R. Schuurman, CCO	2024	294	61	-	166	10	11	**542**	**35%**
	2023	282	53	-	186	11	9	541	38%

[1] The basic salary does not include the employer's social security contributions.

[2] 'Depositary receipts' means 'certificates'.

[3] This is the amount of the discount given on the purchase of depositary receipts in the financial year.

[4] This is the value of the depositary receipts awarded.

Fixed annual income

The fixed annual income is in line with the current remuneration policy and incremented at the same rate as the rate used for employees, as agreed in Nedap's collective labor agreement.

Variable annual income

Based on the remuneration policy and on previously set targets, the Supervisory Board has determined the variable component of the annual income for 2024 payable to the Board of Directors under the articles of association. The remuneration policy states that 50% of the variable component is determined by financial targets, 25% by employee engagement targets, and 25% by sustainable organizational and revenue model targets.

Financial targets

The financial targets have been split up into four sub-targets. The table below shows each sub-target, along with the extent to which it was achieved in the 2024 financial year and how much of the variable remuneration it represents.

In millions of euros or as a percentage	Target	Performance	Share of variable remuneration
Revenue	280.0	251.6	**0%**
Operating margin	12.8%	9.5%	**0%**
Recurring revenue	96.2	100.2	**11%**
Operational cash flow per quarter	10.0	7.2	**0%**
Total			**11%**

Based on the above table, the Board of Directors is awarded a financial targets-related variable component of their annual income that represents 11% of their fixed annual income.

Employee engagement targets

Employee engagement remains a key priority at Nedap. In 2024, Nedap transitioned to a new employee voice tool to better align with its evolving needs. The first global survey results confirm that Nedap is not only positioned in the highest quartile of employee engagement, but now ranks among the top 10% of technology companies. This is a particularly notable achievement given the organization’s ongoing transformation and strategic repositioning.

In line with Nedap's strategic direction, the company further refined its organizational structure by introducing new managing director roles to lead its key markets. These roles, with an extended accountability compared to the existing role of business unit leader, strengthen leadership at the highest level and create a structured pipeline for future executive talent. In line with the plan, three of the four roles have been successfully filled, while the search for the fourth position is in an advanced stage. Additionally, Nedap made significant progress in fostering collaboration within its senior leadership team. In 2024, a dedicated development program was launched to accelerate leadership and to enhance teamwork and cohesion, further strengthening leadership effectiveness and Nedap's ability to navigate future challenges.

To improve internal alignment and accessibility to information, Nedap successfully implemented Nedap Spark as a unified communication platform. This transition has streamlined communication by consolidating multiple existing platforms, supporting Nedap's DEI policy on transparency by making important content globally accessible and available in English.

Concluding that the Board of Directors has demonstrated strong progress in this area, the Supervisory Board has allocated the Board of Directors 22% variable pay for their achievements on Employee Engagement targets.

Sustainable organizational and revenue model targets

In 2024, Nedap further refined its strategic direction by sharpening the strategic plans for its four key markets and defining the overarching company strategy. While maintaining flexibility, greater consistency was introduced in how strategies are documented and communicated. These refinements now serve as the foundation for internal alignment and shareholder communication.

To strengthen investor confidence and ensure a clear and consistent market positioning, Nedap developed a new equity story based on the Step Up! strategy, which was presented at the Capital Markets Day on November 7, 2024. Nedap's positioning as a leader in Digital Twin Technology with a strong focus on SaaS solutions was well received by investors and stakeholders.

On the sustainability front, Nedap set clear targets and action plans for key material topics, ensuring compliance with CSRD guidelines. The external auditor has confirmed that Nedap's CSRD implementation meets the required reporting standards, supporting the accuracy and completeness of sustainability disclosures in the 2024 Annual Report.

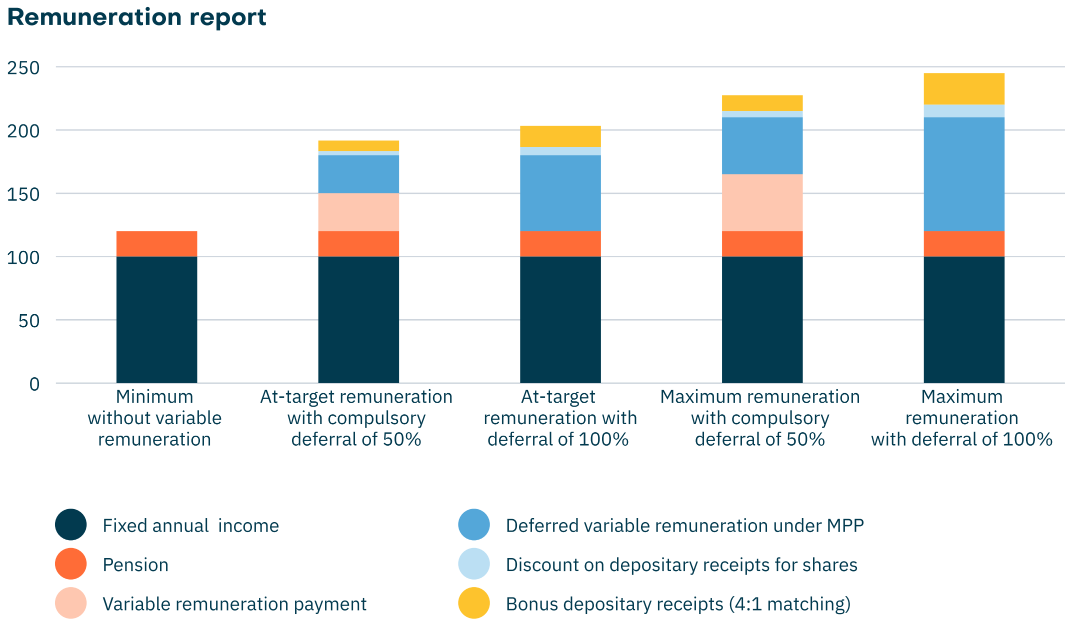
Based on the significant progress made, the Supervisory Board has awarded the Board of Directors 23% variable pay for their achievements on Sustainable Organizational and Revenue Model targets.

To recap, the Supervisory Board acknowledges that while financial performance in 2024 did not meet all expectations, the Board of Directors delivered strong results in key non-financial areas. Notably, Nedap achieved outstanding employee engagement, further strengthened its leadership structure, refined its strategic direction, and ensured compliance with CSRD guidelines. Based on these achievements and in line with the remuneration policy, the Supervisory Board awards the Board of Directors under the articles of association a variable annual income totaling 56% of the fixed annual income. In calculating the variable annual income, account was taken of scenario analyses.

Directors pay mix

	Variable annual income	**50% of variable annual income is deferred**		**Variable annual income deferred in full**	
Performance	*(as % of fixed annual income)*	*Direct payment*	*Remaining % for purchase of depositary receipts for shares*	*Direct payment*	*Remaining % for purchase of depositary receipts for shares*
Minimum	0%	0%	0%	0%	0%
At target	60%	30%	30%	0%	60%
Maximum	90%	45%	45%	0%	90%

Board member remuneration scenarios (as % of basic salary)



Deferred remuneration/MPP

Under the remuneration policy, directors under the articles of association have to use at least 50% of their variable annual income for 2024 to buy depository receipts for Nedap shares, which are subsequently locked up for a period of five years. After four years, one bonus depositary receipt is awarded for every four depositary receipts held. If the targets have been met, the variable annual income will be 60% of the fixed annual income. Total remuneration will then be 62.5% fixed annual income and 37.5% variable annual income. The CEO and CCO have opted to use the full amount of their variable pay to purchase depositary receipts. The CFO has opted to use 75% of her variable pay to purchase depositary receipts.

Share-based remuneration

(Items x 1)		Depositary receipts or shares held on 1/1*	Depositary receipts purchased	Bonus depositary receipts awarded	Depositary receipts or shares sold	Depositary receipts or shares held on 31/12*	Contingent bonus depositary receipts as at 1/1	Contingent bonus depositary receipts awarded	Bonus depositary receipts awarded	Contingent bonus depositary receipts as at 31/12
Mr. R. M. Wegman, CEO	**2024**	**48,277**	**2,628**	**703**	**-**	**51,608**	**2,863**	**657**	**-703**	**2,817**
	2023	44,436	2,883	958	-	48,277	3,100	721	-958	2,863
Ms. D. van der Sluijs, CFO	**2024**	**4,614**	**1,855**	**-**	**-**	**6,469**	**1,154**	**464**	**-**	**1,618**
	2023	2,579	2,035	-	-	4,614	645	509	-	1,154
Mr. R. Schuurman, CCO	**2024**	**6,806**	**1,631**	**155**	**-**	**8,592**	**929**	**408**	**-155**	**1,182**
	2023	4,864	1,788	154	-	6,806	636	447	-154	929

On the date of delivery in 2024, the bonus depositary receipts represented a value of €68.20 (€56.90 in 2023).

* The number of shares and depositary receipts for shares held by a director after stepping down as director under the articles of association is no longer recognized where the costs are no longer charged to the company in the financial year covered by the report. R. M. Wegman holds both shares and depositary receipts. D. van der Sluijs and R. Schuurman hold depositary receipts.

Change in remuneration (Amounts € x 1.000)	2024	2023	2022	2021	2020	2024-2020
Change in director's remuneration vs last year						
Mr. R. M. Wegman, CEO	-2% (913)	5% (930)	0% (883)	11% (885)	4% (800)	14%
Ms. D. van der Sluijs, CFO	-1% (593)	6% (601)	0% (565)	29% (564)	- (437)	-
Mr. R. Schuurman, CCO	0% (542)	8% (541)	- (503)	-	-	-
Supervisory Board members						
Mr. P. A. M. van Bommel	0% (50)	0% (50)	25% (50)	- (40)	-	-
Mr. J. M. L. van Engelen	0% (40)	0% (40)	0% (40)	33% (40)	0% (30)	33%
Mr. G. F. Kolff	-	-	0% (50)	25% (50)	0% (40)	-
Ms. M. Pijnenborg	0% (40)	0% (40)	0% (40)	33% (40)	0% (30)	33%
Mr. S. C. Santema	0% (40)	- (40)	-	-	-	-
Ms. M. A. Scheltema	0% (40)	0% (40)	0% (40)	33% (40)	0% (30)	33%
Change in performance Nedap	-9%	22%	-7%	27%	10%	42%
Change in median employee remuneration	0% (99)	9% (99)	3% (91)	49% (88)	2% (59)	
CEO-pay ratio	9.2	9.2	9.6	9.9	6.9	

If a director or Supervisory Board member was a member of the Board of Directors or Supervisory Board for only part of a year, their remuneration is presented on a pro rata basis for comparison purposes. The change in remuneration for the members of the Board of Directors and Supervisory Board is measured by dividing remuneration for the financial year by remuneration received in the previous financial year. If the date of appointment as director under the articles of association or Supervisory Board member is not 1 January, the change is recognized on a pro rata basis in the financial year following the year of joining.

The 2024-2020 column shows the relative change as at year-end 2024 compared to the beginning of 2020.

The change in Nedap's performance in any financial year is the change in the closing price of Nedap shares in the financial year, plus the dividend paid for the financial year, divided by the closing price of Nedap shares in the previous financial year.

The definition of the CEO pay ratio and the change in median employee pay was changed in the 2021 financial year. Nedap follows the recommendation by the Corporate Governance Code Monitoring Committee as of the 2021 financial year. Based on this definition, the CEO pay ratio would have been 9.7 in 2020. Please refer to the pay ratio paragraph in this section for the definition of the pay ratio.

Use of penalty and recovery scheme

This scheme was not used.

Deviations from the remuneration policy

There were no deviations from the remuneration policy. The company has not granted members of the Board of Directors any loans or guarantees.

Pay ratio

Nedap follows the recommendation made by the Corporate Governance Monitoring Committee. In its recommendation, the committee defines pay ratio as follows: the ratio of (i) total annual CEO pay to (ii) the median annual pay of the employees of the company and group companies consolidated in the company’s financial statements, whereby:

- The total annual CEO pay includes all pay components (fixed pay, variable pay in cash (bonus), share-based pay, social security contributions, pension, expense allowance, etc.), as recognized in the (consolidated) financial statements prepared based on IFRS accounting standards.
- Employees' median annual pay is calculated by dividing total wage and salary costs in the financial year (as recognized in the (consolidated) financial statements prepared based on IFRS accounting standards) by the average number of FTEs at the company during the financial year. The pay of insourced external workers is factored in on a pro rata basis, on the condition that they worked for the company for at least three months during the financial year.
- The value of the share-based part of the pay is calculated on the date that it is awarded, as per the applicable IFRS accounting standards requirements.
- The pay ratio for 2024 is 9.2. In 2023, the pay ratio was also 9.2.

Supervisory Board member remuneration

On 8 April 2021, the annual general meeting adopted the current remuneration policy for the Supervisory Board. The amounts paid are in line with the remuneration policy for Supervisory Board members. The table below lists the remuneration that (former) Supervisory Board members received for the 2024 and 2023 financial years.

Supervisory Board members (€ x 1,000)	2024	2023
Mr. P. A. M. van Bommel	50	50
Mr. J. M. L. van Engelen	40	40
Ms. M. Pijnenborg	40	40
Mr. S. C. Santema (from 13 April 2023)	40	29
Ms. M. A. Scheltema	40	40

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

Transition to the new remuneration policy for the Supervisory Board as of 1 January 2025

At the annual general meeting of 17 April 2025, a revised remuneration policy for the Supervisory Board will be presented for adoption, to take effect from 1 January 2025. This policy reflects updates to ensure the remuneration remains aligned with the increasing responsibilities and time commitment of the Supervisory Board, governance best practices, and market standards. If adopted, 2025 remuneration report will provide an account of the first year of implementation under this revised policy.

5. Sustainability statement

5.1 Basis for preparation

5.1.1 General basis for preparation of the sustainability statement

The sustainability statement has been prepared for the year ending 31 December 2024. The information is consolidated on the same basis as the financial statements, meaning the scope covers Nedap N.V. and its subsidiaries (jointly referred to as Nedap), without any exemptions.

The sustainability statement covers Nedap's upstream and downstream value chain. Our reported Scope 3 greenhouse gas (GHG) emissions cover our upstream GHG emissions, specifically GHG emissions from Tier 2 suppliers, as well as downstream GHG emissions from the use phase and end-of-life phase of products, although we may not know the (end) customer.

There will be no omittance of information based on intellectual property, know how or the results of innovation, nor an exemption under articles 19a (3) and 29a (3) of Directive 2013/34/EU.

Policies, actions, targets and metrics

In the topical sections of our sustainability statement, we disclose information about our policies, actions and targets arising from those policies, and the metrics used to monitor progress for each topic.

Unless stated otherwise, the following points apply to all our policies, actions, targets and metrics:
- All policies, actions and targets apply to all our activities worldwide, and to all our own employees globally.
- The Board of Directors is accountable for the implementation of the policies.
- All policies relevant for our stakeholders are made public on our website.
- All actions are planned for the medium term.
- No external body other than the assurance provider has validated the metrics.
- All metrics with a currency in the unit of measure use euro as the currency.

5.1.2 Disclosures in relation to specific circumstances

Other than the disclosures below, there are no specific circumstances to mention.

Time horizons

For the preparation of the sustainability statement, we have used the same definitions for short-, medium- and long-term time horizons as defined by ESRS 1 section 6.4, being the reporting year, up to five years after the reporting year and more than five years after the reporting year.

Estimations

Preparing the sustainability statement involves making judgements, estimates and assumptions that impact the reported amounts, both financially and non-financially. These are based on management's experience and various other factors considered reasonable under the circumstances. Nedap's management reviews these estimates and assumptions regularly. Within the sustainability statement, our Scope 3 GHG emissions and the durability of our products require the highest degree of judgement and are more complex. Future changes in these assumptions and estimates could lead to different results than those presented in this sustainability statement and will be changed accordingly. These Scope 3 GHG emission metrics include upstream or downstream value chain data estimated using indirect sources, such as sector-average data or industry averages. We choose sources that are relevant to the location where the GHG emissions take place. For material GHG emissions, we aim to make use of the most accurate values possible to limit estimations. More detailed information on estimations and assumptions will be included alongside the disclosures they apply to. For our durability calculations, we use internal subject matter experts, product specification information, sales information in product databases and business partner inquiry.

The sustainability statement may contain ambitions, objectives, targets and expectations that are subject to changes in the future and are hence deemed uncertain information.

Changes in preparation or presentation of sustainability information

In 2024, Nedap is presenting its sustainability information in compliance with the Corporate Sustainability Reporting Directive (CSRD) for the first time. We have disclosed our Scope 1 and 2 GHG emissions in previous annual reports since 2020. Where applicable and possible, Scope 3 GHG emissions are added to the prior years' GHG emissions statements. The GHG emission factors (EFs) used to measure our GHG emissions were updated in 2024. We applied these new EFs to recalculate GHG emissions for previous years, ensuring the comparability of our data. As a result, this report includes minor adjustments compared to previously reported GHG emissions. These changes are not material, and the restatements reflect our updated methodology, not errors.

Other than the disclosures pursuant to the EU Taxonomy Regulation, no other disclosures will be added to the sustainability statement.

Transitional provisions

As permitted under Appendix C of ESRS 1, we have made use of the transitional provisions and omitted the following disclosure requirements in our first year of reporting under the CSRD:

- E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities.
- E5-6 Anticipated financial effects from material resource use and circular economy-related risks and opportunities.

Additionally, we have made use of the transitional provision to omit comparison data for S1-13 Training and skills development metrics, as that data is unavailable.

5.1.3 Disclosures incorporated by reference

Some of the disclosures mandatory under the CSRD are incorporated by reference, referring to other parts of our management report. The following list includes instances of incorporation by reference:

- ESRS 2 GOV-1, paragraph 19: Information about the members of the Supervisory Board is disclosed in the subsection Supervisory Board composition and skills matrix of section 4.1 Report of the Supervisory Board.
- ESRS 2 GOV-3, paragraph 27: Information related to the remuneration of members of the Board of Directors is disclosed in the Remuneration summary subsection of section 4.2 Renumeration report and for Supervisory Board members in subsection Supervisory Board member remuneration of that same section.
- ESRS 2 SBM-2, paragraph 45b: A description of stakeholder interests and views is provided in the subsection stakeholder table of section 1.5 Sustainability.
- ESRS 2 IRO-1, paragraph 53 d, e and f: Information related to risk management and control systems is disclosed in the subsection Nedap Risk Management Framework of section 3.2 Risk management & internal controls.
- ESRS E1 24/ESRS 2 65a: Key contents of our Sustainability policy are disclosed in section 1.5 Sustainability.

5.2 Business model and strategy

5.2.1 Nedap's business model and value chain

As described in section 1.1 The Nedap Story, Nedap delivers digital twin solutions in key markets Healthcare, Livestock, Retail and Security. With our technology stack, built on IoT, RFID, Vision and SaaS, we help organizations optimize their operations, manage risks and make data-driven decisions. Nedap takes a people-centered approach to technology to distinguish itself in its markets. Our revenue is generated from the sales of products and systems, software subscriptions, and services.

We operate in four key markets:
- Our Healthcare business unit develops and markets software solutions that support healthcare institutions in the Netherlands in planning, registering and administering care processes.
- Nedap's Livestock business unit develops and markets sensor-based cow monitoring and management solutions globally.
- Nedap's Retail business unit develops and markets global RFID solutions for optimized inventory management, simplified shop processes and the prevention of shrinkage.
- Nedap's Security business unit develops and markets access management solutions to secure people, buildings and assets globally.

Our solutions aim to drive progress and efficiency in these diverse markets.

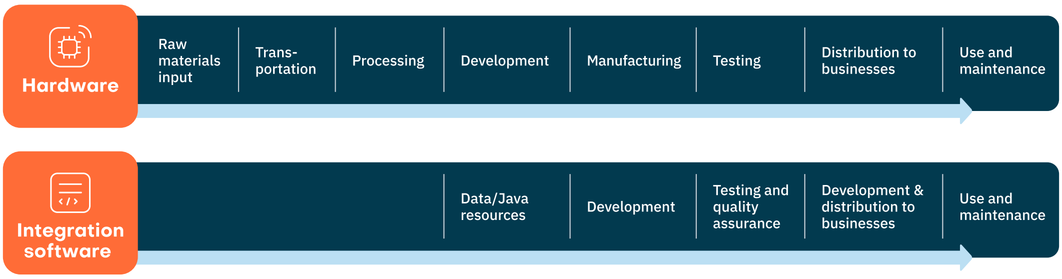
Our value creation model shows how we use the available resources to create value for the organization, our stakeholders and society. We consider our solutions to be successful when they create value for people, planet and society, and always in combination with healthy financial results. In this respect, we see market leadership as proof of our relevance in people's day-to-day lives and high added value per employee as an indicator of the success of our value creation process. This indicates the current and expected benefits for customers, investors and stakeholders.

We achieve this as a group of more than 1,000 employees worldwide and 100 non-employees (independent contractors, secondment contractors and temporary employees). More than 90% of employees are located on our campus in Groenlo, the Netherlands, and the other employees are located at the offices of Nedap subsidiaries.

Electronic manufacturing service suppliers represent the main business actors upstream in our value chain, and our business partners and end-customers represent the main actors downstream in our value chain. Based on the revenue generated by our products and services, our revenue of €251.6 million can be broken down into two ESRS sectors, being €138.6 million in Manufacturing – Machinery & Equipment (consisting of the sales of our hardware, which we procure from our suppliers or manufacture ourselves) and €113.0 million in Technology – Software & IT Services (consisting of recurring sales related to licenses and one-time sales of software and services).

The sustainability goals reported in this sustainability statement apply to all our business activities across our global operations. Accordingly, we do not set goals for individual groups of products or services, key markets or geographical regions. In addition, we determined that our sustainability goals are not directly tied to any of these individual categories.

We have mapped the value chain for all Nedap solutions across our four key markets. We distinguish between the software value chain (subscriptions and services) and hardware value chain (products and systems). Depending on the business model for the key market, these value chains are either separate or integrated.



We have identified two main inputs for our operations: employees and raw materials. Both value chains rely on employees, whose knowledge is essential for developing our solutions and creating value for our customers. The hardware chain also relies on securing raw materials in the form of components used in the manufacturing process of our hardware products. In 2024, we worked closely with our supply chain partners to anticipate shortages in the supply chain at an earlier stage.

We considered potential stakeholder groups as outlined in the ESRS in mapping our value chain. These groups include employees and other workers, local communities, government, suppliers, vulnerable groups, (civil) society, consumers and end-users, authorities, analysts and academics, trade unions, investors and shareholders and nature. As part of the process, we identified stakeholders who may be positively or negatively impacted by Nedap's activities and mapped them to the value chains. Each business unit provided additional details specific to their stakeholders.

Stakeholders have been categorized into primary stakeholders (those directly involved with Nedap) and secondary stakeholders (those with indirect contact). The purpose of this classification is to link environmental, social and governance (ESG) issues to stakeholders' positions in the value chain and to identify where sustainability concerns are likely to arise based on the nature of activities, business relationships, geographies or other risk factors.

This analysis served as the foundation for mapping the longlist of material ESG issues to the stakeholders in the value chain, culminating in Nedap's value chain analysis document.

5.2.2 Nedap's engagement with stakeholders

Nedap established a core project team to conduct the double materiality assessment (DMA). This team is comprised of employees who represent relevant departments, such as Finance, Legal, Human Resources, Sustainability, and our supplier and customer-related experts.

The Board of Directors and Supervisory Board participated in validating the process and results of the DMA using the available information on the views and interests of affected stakeholders. Following the internal validation process, the findings were shared and discussed with stakeholders, including employees, investors, shareholders, customers and suppliers. This specific step in the DMA process is elaborated upon in the following sections.

We used the contacts with our internal and external stakeholders to identify and confirm the material sustainability matters for Nedap. We will continue to engage with each stakeholder group for various purposes (e.g., information sharing, consultation, collaboration) and use appropriate engagement methods (e.g., surveys, interviews, focus groups). By engaging with our stakeholders, we aim to incorporate their views and interests regarding our sustainability matters into our strategy and business model.

We prepare materials and tools (e.g., questionnaires, discussion guides, presentation slides) and document the results of these engagements. This enables us to cross-reference any new interests that emerge with internal assessments and external benchmarks and confirm current or identify new sustainability matters relevant to Nedap's business and stakeholders.

As sustainability becomes increasingly important to most stakeholders, we maintain open channels of communication. This allows for continuous feedback and the updating of engagement strategies and materiality assessments based on evolving stakeholder expectations and regulatory requirements.

For the interests and influence of each stakeholder group, we refer to the stakeholder table in section 1.5 Sustainability that we incorporate by reference. Feedback from our stakeholders is taken into account and is used to validate our strategy and business models. The matrix also includes information on our engagement with employees and end-users and consumers specifically.

5.3 Material sustainability matters

5.3.1 Double materiality assessment process

Longlist of relevant sustainability matters

The double materiality assessment (DMA) was prepared and carried out by the aforementioned core project team and the Board of Directors, supported by an external professional party. Relevant sustainability matters, including actual and potential matters, were identified through the value chain analysis of Nedap's solutions. The objective of this analysis was to form a comprehensive understanding of Nedap's value chain, identify affected stakeholders and link ESG issues to stakeholder positions in the value chain. This analysis helped pinpoint where sustainability matters are likely to arise based on the nature of activities, business relationships, geographies or other risk factors. This resulted in a comprehensive list of sustainability matters for internal use and for external reporting.

In addition, we analyzed industry peers and reporting frameworks. We conducted desktop research on peers (e.g., Adapcare, Tagmaster, Eta-plus, Allflex, Checkpoint, Genetec, Protime), regulatory and normative ESG frameworks and internal Nedap documents (e.g., risk register, strategy documents). Finally, we conducted a media analysis to incorporate external stakeholder perspectives with a focus on identifying any issues or risks related to Nedap's products and services.

We used these inputs to create a longlist of sustainability matters. From there, we grouped these matters by plotting them against the ESRS sub-sub-topics listed in the ESRS. Several topics correspond with ESRS sub-sub-topics and others with sub-topics. We did not identify any sustainability matters that correspond with the environmental ESRS topics Water and marine resources (E3) and Biodiversity and ecosystems (E4). Therefore, we added these topics to our longlist to be scored, with which we took the related paragraphs mentioned in Appendix C of ESRS 2 into consideration. Several sustainability matters could not be plotted against any of the ESRS topics and for this reason, we added the Nedap-specific topics Technology, Food and Health.

Assessing the impacts, risks and opportunities

We assessed the negative impacts, positive impacts, financial risks and financial opportunities related to each sustainability matter on the longlist. These are GHG emissions, climate-related physical risks, climate-related transition risks, resource inflows, resource outflows and waste. The scores were assigned based on various variables and accompanied by rationales, with climate-related scenario analyses informing the process. The external professional party provided tooling to perform the scoring, and after scoring, provided us with feedback on the initial scoring.

For the rating of the impacts, risks and opportunities (IROs), we categorized the sustainability matters into environmental, social, governance and Nedap-specific categories. Internal experts and business unit representatives, serving as proxies for our external stakeholders, held sessions to score each sustainability matter on the longlist, assigning a weight based on the factors defined in the ESRS (details can be found in subsection 5.10.1 of the Sustainability notes). In addition, a session took place with the Supervisory Board to discuss the approach and the potential IROs, collect additional insights and sharpen our rationales. The sustainability matters on the longlist were scored on negative impact, positive impact, risk and opportunity, independent of the outcome of each individual scoring. The risks identified in the assessment are incorporated into the overall risk assessment process of Nedap and subsequently prioritized.

The core project team determined the materiality thresholds for negative impacts, positive impacts and financial risks and opportunities, selecting the median score for both severity and likelihood. Financial opportunities on average received higher scores for magnitude. We therefore raised the materiality threshold for financial opportunities by selecting a higher magnitude score, while maintaining the likelihood score set for the other sustainability matters. We will repeat this process annually to keep all IROs up to date. Please refer to the subsection Nedap Risk Management Framework of section 3.2 Risk management & internal controls, which we incorporate by reference, for information on how sustainability risks and control systems are embedded in our strategy and business model.

5.3.2 Material impacts, risks and opportunities

The core project team evaluated the initial results of the assessment, concluding that most topics that exceeded the materiality threshold are a logical result of our operations and business activities. For several other topics, this was not the case, requiring additional discussions within the core project team and the Board of Directors. The decision was made to reconsider the scoring of these topics. The process and final results were shared and discussed with the Board of Directors, which approved the DMA and the results.

Multiple stakeholders were approached to validate and discuss the results. Our CFO shared the results in bilateral meetings with investors and shareholders and at the annual general meeting. Within the business units, the results were discussed with various (key) accounts. The formats of these discussions varied from email conversations and one-on-one meetings to presentations held at partner or customer days. Overall, these conversations confirmed that we are focusing on the right sustainability matters and that we are not omitting any relevant topics.

The table below shows the results of the DMA, including the material sustainability matters by category and their relevant position in the value chain. It indicates that most topics are material from multiple perspectives and represent various positions in the value chain.

ESG	Material topic	Boundary	Description	Impact / financial materiality	Timeline
E	**E1 - Climate change mitigation & energy**	Upstream / own operations / downstream	We are taking action to reduce GHG emissions within our operations and the supply chain, such as maximizing our use of renewable energy and working with our business partners and end-consumers to reduce energy consumption. In doing so, we mitigate the risk that Nedap loses its relevance to stakeholders while pursuing opportunities to help combat climate change.	NegImp / Risk / Opp	S / M / L
	E5 - Resource outflows related to products	Own operations / downstream	Waste in the value chain from the products we sell negatively impacts the environment. Upcoming regulations around design and circularity could pose a risk to our business. Therefore, our outflow of products is considered both a material negative impact and material risk.	NegImp / Risk	M / L
S	**S1 - Diversity**	Own operations	Failing to foster a diverse, equitable and inclusive working environment negatively impacts our workforce and poses a risk of losing well-qualified workers or not being able to attract new people due to reputational damage.	NegImp / Risk	S / M
	S1 - Training and skill development	Own operations	Keeping up the knowledge of our workforce is a must. Failing to do so could lead to losing our competitive advantage.	Risk	S / M
	S4 – Privacy and data security (information-related impacts for consumers and/or end-users)	Own operations / downstream	We consistently process sensitive data. We therefore need to maintain a high level of information security to prevent negative impacts for end-users. Our risk awareness and high standards positively impact end-users. Failing to comply with legal and regulatory requirements could result in regulatory fines or reputational damage.	NegImp / Risk	S / M / L
G	**G1 - Corporate culture & transparency**	Own operations	Creating and maintaining our corporate culture of transparency, open communication and trust will positively impact people across the value chain. Negative impacts result from a lack of transparency or the perception thereof. There is also a risk of increasing legislation conflicting with our open culture, limiting people in how they work and potentially leading to employee turnover. Additionally, insufficient transparency, particularly in areas such as sustainability, may result in stakeholder disengagement in the coming years.	NegImp / PosImp / Risk	S / M
	G1 - Management of relationships with suppliers	Upstream	Maintaining good relationships with parties in our supply chain enhances our ability to achieve our sustainability targets. Insufficient monitoring and verification of supplier compliance with legislation and alignment with our norms and values could lead to supply chain disruptions, significantly impacting stakeholders. Non-compliance with environmental or social legislation or engaging with unreliable suppliers may exacerbate these impacts, particularly for single-source components or products, where alternatives are limited.	NegImp	S / M

We elaborate on these material IROs in the respective topical sections. In these sections, we disclose how material negative and positive impacts affect, or are likely to affect, people or the environment. Additionally, we disclose how these impacts are connected to our strategy or business model and specifically how they originate from our activities.

We have determined that our current strategy and business model facilitate the effective management of our IROs and that no amendments are required at this stage. Currently, we do not observe financial effects related to our IROs, nor a significant risk of a material adjustment next year. We also do not anticipate significant short-, medium- or long-term impacts on our financial position, financial performance or cashflow, other than the OpEx and CapEx required to remediate the identified IROs. Where this is the case, this is disclosed in the topical sections of this Sustainability statement.

During this reporting period, we conducted a resilience analysis to evaluate the implications of climate change for Nedap's business strategy and model, and to assess Nedap's capacity to adapt to transition risks over the short, medium and long term. This resilience analysis complements our existing practices. We specifically focused on our alignment with and preparedness for a low GHG emissions scenario consistent with limiting global warming to below 2°C. This scenario involves significant actions to curb GHG emissions. We chose this scenario because of our long-standing commitment to achieving net-zero Scope 1 and 2 GHG emissions, which is aligned with the Paris Agreement. In our analysis, we focused on the regions in which we operate and where our customers are predominantly located. The Nedap Campus in Groenlo, the Netherlands, represents the biggest impact.

We have identified the following main risks of not adhering to our existing GHG emissions reduction commitments:

- Reputation risk: There is potential for reputational damage if Nedap's practices do not align with the sustainability goals we communicate.
- Value chain influence: Our ability to mitigate climate risks diminishes as we move further up and down the value chain due to the collaboration required with suppliers, customers and other stakeholders to drive progress.

Nedap already has measures in place to mitigate risks and has identified additional actions to be implemented. Nedap is committed to contributing to the transition toward a low-carbon, climate-resilient economy. By fostering behavioral change and investing in innovative solutions, such as renewable energy initiatives, we aim to drive sustainable growth both locally and globally. This commitment aligns with our mission to create value for our organization, stakeholders and society through responsible business practices.
Nedap believes it has a strong strategy and business model, which are resilient enough to address the identified impacts and risks and seize opportunities over the timelines mentioned.

5.3.3 List of disclosure requirements

We have listed the ESRS disclosure requirements covered in this Sustainability statement in subsection 5.10.2 References in section 5.10 Sustainability notes. These disclosure requirements cover all IROs as determined through the DMA. We use an entity-specific metric when disclosing information about the IROs related to Privacy and Data Security.

5.4 Sustainability governance

5.4.1 The role of the administrative, management and supervisory bodies

General

The Board of Directors and Supervisory Board are the highest decision-making bodies within the Nedap organization. On 1 January 2024, the Supervisory Board installed two committees, the Remuneration Committee and the Audit and Risk Committee. The Board of Directors and the Supervisory Board are responsible for setting out the guiding principles for how we do business, as outlined primarily in our code of conduct. They have the expertise on business conduct matters to effectively fulfil their responsibilities.

Board of Directors

Composition and diversity

The Board of Directors consists of three members, the CEO (Mr. R. M. Wegman), CFO (Ms. D. van der Sluijs) and CCO (Mr. R. Schuurman). All three are executive members. There is no representation of employees nor other workers within the Board of Directors. This is also not a common practice in the Netherlands. Information about the members of the Board of Directors is included in subsection Board of Directors in section 3.3 Corporate Governance.

The Board of Directors' gender diversity was as follows in 2024: 33.33% female and 66.67% male, a one-to-two female-to-male ratio. Nedap does not formally report on any other aspects of diversity. The Nedap Diversity, Equity and Inclusion (DEI) policy applies, which includes a gender diversity target for the Board of Directors of at least one-third male and one-third female representation.

Each member of the Board of Directors offers a diverse range of experience and expertise in international business, consistent with Nedap's global presence and activities in various markets. The CEO and CCO previously led business units at Nedap, including in interim roles. Board members have also previously held positions on governance bodies of Nedap subsidiaries. Additionally, board members regularly visit subsidiary companies and stay in frequent contact through other channels. The business unit leaders regularly inform the Board of Directors on relevant business matters, including material IROs. Consequently, the Board of Directors continuously enhances its understanding of Nedap's markets, products and global offices.

Roles and responsibilities

The Board of Directors as a whole is responsible for overseeing the identified sustainability impacts, risks and opportunities. This is described in the previous sections about our strategy and business model and material sustainability matters. The Board of Directors plays a critical role in overseeing governance processes, controls and procedures to manage and evaluate IROs. The CFO’s role is to ensure compliance with CSRD requirements, oversee sustainability reporting and manage associated risks and opportunities. In overseeing various internal decisions and activities, the Board of Directors gains continuous insight into progress toward IRO-related targets. Examples include employee questionnaires, the Women Leadership Initiatives survey, energy-related upgrades to buildings and the renewal of vehicle lease contracts. Additionally, we plan to establish a systematic approach for monitoring progress by administrative, management and supervisory bodies.

The terms of reference of the Board of Directors describe its responsibility for the continuity of Nedap and its associated companies. As part of this mandate, the Board of Directors focuses on long-term value creation. Its responsibilities include developing and implementing the strategy consistent with Nedap’s objectives and risk profile, driving results and addressing the relevant sustainability aspects of doing business.

Risk management is an essential part of Nedap's business strategy. For more information, including dedicated controls and procedures for the management of IROs, please see section 3.2 Risk management & internal controls.

The Board of Directors is accountable to the Supervisory Board, including its Audit and Risk Committee and the annual general meeting (AGM). It is the Board of Directors' responsibility to ensure that the company’s sustainability efforts align with its overall strategic goals and targets. However, we do not apply dedicated controls and procedures to the management of IROs. The Board of Directors was involved in setting the targets included in this sustainability statement. In addition, the Board of Directors regularly reviews the progress and effectiveness of processes that are delegated to various parts of the organization, making adjustments as needed. This ensures that sustainability goals are met without compromising the company’s business performance and profitability.

Expertise and skills related to sustainability matters

The Board of Directors has hired and appointed a team of employees dedicated to sustainability, consisting of full-time experts and subject matter experts who are involved in sustainability on a part-time basis. Each member of the sustainability team focuses on an individual IRO and is considered an expert on that topic. We provide additional information on the available expertise related to our IROs in the topical sections of this Sustainability statement. The Board of Directors has direct access to this team of sustainability experts. The sustainability team reports directly to the Board of Directors and to the CFO specifically. In addition, the Board of Directors has access to teams with expertise on sub-topics. Finally, the board members have, and continue to develop, their own expertise and experience related to various sustainability topics. Each year, the Board of Directors evaluates their skills and expertise on sustainability matters, and any educational and training needs necessary for overseeing material IROs are assessed, considered and followed up on.

Supervisory Board

Composition and diversity

The Supervisory Board consists of five members. As Nedap has a two-tier (dual) board structure, all are non-executive members. Membership of the Nedap Supervisory Board conforms to the profile described. The Supervisory Board is composed entirely of independent members (100%), ensuring full independence both from Nedap and from one another. Please see section 4.1 Report of the Supervisory Board for more information about the profile and details of the Supervisory Board.

The Supervisory Board does not include representation from employees or other workers. One-third of the Supervisory Board (at Nedap, this is currently the president of the Supervisory Board) is subject to an enhanced right of recommendation by the works council. All members have a background in one or more of the sectors, products or geographical regions in which Nedap is active.

The Supervisory Board consists of five members:
Mr. P. A. M. van Bommel (chair)
Mr. J. M. L. van Engelen (vice-chair)
Ms. M. Pijnenborg
Mr. S. C. Santema
Ms. M. A. Scheltema

The Supervisory Board's gender diversity was as follows in 2024: 40% female and 60% male, a two-to-three female-to-male ratio. Nedap does not formally report on any other aspects of diversity. The profile of the Supervisory Board and the Nedap DEI policy apply.

On 1 January 2024, the Supervisory Board established two committees, the Audit and Risk Committee and the Remuneration Committee, to keep the execution of tasks, decision-making and meetings of the Supervisory Board efficient and effective, with the right focus. For details, please see the subsection below.

Role and responsibilities

The Supervisory Board supervises, evaluates progress and performance, maintains a healthy and transparent system of checks and balances, and assists the Board of Directors with advice where necessary. The Supervisory Board also assesses the effectiveness of internal risk management and control systems and the integrity and quality of the financial reporting. Reference is made to the terms of reference of the Supervisory Board in section 4.1 Report of the Supervisory Board. The Supervisory Board oversees the strategy of the Board of Directors, including the assessment of IROs. The strategy, including the risk table (which can be found in section 3.2 Risk management & internal controls), is discussed regularly in the Supervisory Board meetings, following an annual meeting schedule with the Board of Directors and relevant business unit leaders. The Supervisory Board was also closely involved in the DMA process of Nedap. Sustainability is a recurring agenda item at the Supervisory Board's quarterly meetings, where members are updated on target setting and progress on stated targets.

Expertise and skills related to sustainability matters

Each member of the Supervisory Board brings relevant knowledge, expertise and interests with regard to sustainability, derived from their diverse backgrounds. Together, they have the expertise and skills required to effectively oversee sustainability matters. The information about the skills of the Supervisory Board is disclosed in the subsection Supervisory Board composition and skills matrix of section 4.1 Report of the Supervisory Board, which we incorporate by reference. Each year, any educational and training needs necessary for overseeing material IROs are assessed and followed up on.

Audit and Risk Committee

Composition and diversity

The Audit and Risk Committee consists of three members:
Ms. M. A. Scheltema (chair)
Ms. M. Pijnenborg
Mr. S. C. Santema

66.67% female and 33.33% male, all non-executive members.

Role and responsibilities

The Audit and Risk Committee advises the Supervisory Board regarding its duties as described in its terms of reference and helps facilitate the Supervisory Board's decision-making process. The Supervisory Board as a whole remains responsible for the performance of its duties. The Audit and Risk Committee shall in any event focus on the supervision of the Board of Directors with regard to: a) the relationship with the internal and external auditor and, if applicable, other external parties involved in the audit of sustainability information, including compliance with their recommendations and follow-up on comments; b) Nedap's financing; c) Nedap's application of information and communication technology, including cybersecurity risks; and d) Nedap's tax policy.

The Audit and Risk Committee monitors, among other things, the effectiveness of Nedap's internal control systems, internal audit system and risk management system (see terms of reference Audit and Risk Committee). These are recurring items on the committee's agenda.

With respect to sustainability matters, the Audit and Risk Committee focuses on monitoring the integrity and quality of the company's financial and sustainability reporting, and the financial and sustainability reporting process. Additionally, the committee prepares proposals to ensure the integrity of the process.

Remuneration Committee

Composition and diversity

The Remuneration Committee consists of three members:
Mr. J. M. L. van Engelen (chair)
Mr. P. A. M. van Bommel
Ms. M. Pijnenborg

66.67% male, 33.33 % female, all non-executive members.

Role and responsibilities

The role and responsibilities of the Remuneration Committee are described in its terms of reference.
The Remuneration Committee advises the Supervisory Board regarding its duties described in the terms of reference and helps facilitate the decision-making of the Supervisory Board in this respect. The Supervisory Board as a whole remains responsible for the performance of its duties. The duties of the Remuneration Committee include the selection and appointment of members of the Board of Directors and Supervisory Board.
The Remuneration Committee's duties regarding remuneration include making a clear and

understandable proposal to the Supervisory Board regarding the remuneration policy for the Board of Directors, making a proposal to the Supervisory Board regarding the remuneration of the individual members of the Board of Directors, and preparing the remuneration report. The Remuneration Committee has the same duty with respect to proposals regarding the Supervisory Board's remuneration toward the AGM.

5.4.2 Sustainability information and governance within leadership

The sustainability team reports to the Board of Directors, specifically the CFO. The CFO reports the status of the sustainability team's activities to the Board of Directors. Expertise teams, such as the finance, legal and compliance teams, also report to the Board of Directors. The Board of Directors reports to or informs the Supervisory Board and requests approval where applicable.

The Supervisory Board delegates certain topics to its committees. These committees prepare reports and help facilitate the Supervisory Board's decision-making process. The Supervisory Board as a whole remains responsible.

The IROs, sustainability due diligence, and the results and effectiveness of relevant policies and their respective actions, targets and metrics were discussed at least once during the reporting year and were subsequently acted upon.

The business unit and solution leaders are responsible for their strategic plans, which include sustainability targets. They report to the Board of Directors. The business unit leaders discuss their strategic plans with the Supervisory Board annually. This ensures that our management and supervisory bodies consider the IROs when making decisions about the strategy of Nedap.

The above-mentioned expertise teams have procedures, dedicated controls and dashboards in place to monitor, among other things, progress on set targets. The internal auditor also closely monitors relevant processes and progress. Reference is made to section 3.2 Risk management & internal controls of the annual report, which describes the internal control and risk management systems.

5.4.3 Integration of sustainability-related performance in incentive schemes

The subsection Remuneration and employment and management terms of section 3.3 Corporate Governance outlines the role of sustainability goals in the performance evaluation criteria that influence remuneration for the Board of Directors. The remuneration of the Supervisory Board members is fixed, and no sustainability-related incentive scheme applies. The details of the remuneration policy, which we incorporate by reference, of the Board of Directors is disclosed in subsection Remuneration summary of section 4.2 2024 Remuneration report and the remuneration policy of the Supervisory Board in subsection Supervisory Board member remuneration of section 4.2 2024 Remuneration report.

Key characteristics of the incentive schemes of the Board of Directors

The remuneration policy of the Board of Directors focuses on the company's continuity and sustainable long-term value creation, aligned with Nedap's vision and strategy. Their remuneration consists of a fixed and variable component. Of the variable component, 50% is based on financial performance criteria, 25% on employee engagement criteria and 25% on sustainable organization and earnings model criteria.

Assessing the performance of the Board of Directors

The variable annual income depends on Nedap's performance across six performance criteria in a given financial year. At the beginning of each year, the Supervisory Board sets the targets to be achieved (target levels) tailored to the annual budget. After the end of the year, the Supervisory Board assesses the Board of Directors' performance against these predetermined targets.

Half of the award depends on four financial performance criteria, each carrying equal weight. The other half of the award depends on two non-financial performance criteria of equal weight:

- Engagement of employees: Nedap considers employee engagement essential to long-term value creation. Employee engagement is measured annually, and the target level corresponds with the performance of Dutch companies in the highest quartile. If Nedap is not in the highest quartile, no award is issued. Each year, the Supervisory Board outlines a point of attention to improve the level of employee engagement. The progress on this point of attention may warrant adjusting the remuneration above or below the target level. Each year, the Supervisory Board reports on the selected point of attention in the remuneration report.
- A sustainable organizational and earnings model is an essential success factor for long-term, qualitative value creation. Each year, the Supervisory Board sets specific objectives related to the following three topics:
  - Progress toward achieving the company’s sustainability targets, with corporate social responsibility (CSR) as the priority.
  - Strategic positioning and proposition portfolio.
  - Operational effectiveness.

Half of the variable remuneration awarded must be invested in Nedap depositary receipts which must be retained for five years. After four years, one bonus depositary receipt will be awarded for every four depositary receipts held. When the targets are achieved, the variable annual income is 60% of the fixed annual income. This means that 62.5% of remuneration is fixed annual income, and 37.5% is variable annual income.

The Supervisory Board's guideline for determining the remuneration amount is to ensure a moderate pay ratio internally and to keep it at or below the median remuneration level of the external peer group.
The variable annual income award is determined using the additive method, where each criterion is assessed individually and the awards are added up, resulting in a total percentage of the fixed annual income.

Climate-related considerations are not factored into the remuneration policies for 2024, and the Supervisory Board did not set any organizational and earnings model targets for the Board of Directors pertaining to climate actions. Therefore, the remuneration of the Board of Directors in 2024 is not linked to climate-related considerations.

Governance process for determining, approving and updating the remuneration policy

Remuneration of the Board of Directors

The remuneration policy for the Board of Directors is determined by the Supervisory Board. The Remuneration Committee submits a proposal, and the works council and previous year's AGM produce a recommendation. The Supervisory Board takes the proposal and advice into consideration. The Supervisory Board submits the policy to the AGM for adoption once every four years, accompanied by a positive recommendation from the works council. For the policy to be adopted by the AGM, the legal requirement that at least 75% of the votes cast are in favor of the policy, applies.

Remuneration of the Supervisory Board

The Supervisory Board submits a proposal, prepared by the Remuneration Committee, for its own remuneration policy to the AGM for adoption. For the policy to be adopted by the AGM, the legal requirement that at least 75% of the votes cast are in favor of the policy, applies.

The remuneration of the Supervisory Board is consistent with the best practices of the Dutch Corporate Governance Code 2022.

5.4.4 Statement on due diligence

Nedap performs due diligence on material transactions, in which sustainability plays a role. We audit our major suppliers periodically, scoring our suppliers on various topics, including their sustainability measures. When selecting new suppliers, such as new data centers to host our applications from, we take environmental aspects into consideration.

Nedap's commitment to responsible business conduct aligns with the United Nations Global Compact principles. We recognize our role in identifying and addressing both potential and actual impacts across our value chain, therefore we emphasize a proactive approach to our environmental and human rights due diligence efforts.

Our due diligence process involves assessing the effects of our business activities on people and the environment, acting on the findings of the assessment, tracking progress and openly communicating our actions and their impacts.

By 2025, we will refine our human rights policy and due diligence approach to suit Nedap's unique context in the Netherlands. Our approach to environmental due diligence and to minimizing negative impacts is focused on prevention. We extend this ethos to our customers as well, with the goal of empowering them to consider sustainability in decision-making. More information on our due diligence process and sustainability efforts in 2024 can be found in the Environmental and Governance sections of this Sustainability statement.

- Embedding due diligence in governance, strategy and business model: Sections 1.2 Value creation model, 1.3 Our strategy, 1.4 Our people and 1.5 Sustainability.
- Engaging with affected stakeholders in all key steps of due diligence: Section 1.5 Sustainability, Nedap's engagement with stakeholders.
- Identifying and assessing adverse impacts: Subsection 5.3.1 Assessing the impacts, risks and opportunities in section 5.3 Material sustainability matters.

- Taking actions to address those adverse impacts: Subsection 5.3.2 Material impacts, risks and opportunities in section 5.3 Material sustainability matters.
- Tracking the effectiveness of these efforts and communicating: Sections 2.1 Progress on our strategy, 2.2 Progress on our people and 2.3 Progress on our sustainable impact.

Below, we provide an overview of the due diligence process, which has been disclosed throughout the report.

For more information on the elements of our due diligence process, please refer to the respective topical sections of this Sustainability statement.

We recognize that our due diligence process is continuous and may prompt adjustments to our strategy, business model or both. As this process shapes our evaluation of material impacts, risks and opportunities related to sustainability matters, it may influence future DMA outcomes. Additionally, the adoption of future sector-specific standards could impact the DMA's future results. Consequently, the sustainability statement may not encompass every IRO or Nedap-specific disclosure that an individual stakeholder might deem important for their own assessment.

5.4.5 Risk management and internal controls over sustainability reporting

Our approach to risk management is described in subsection Nedap risk management framework of section 3.2 Risk management & internal controls, which is incorporated by reference. The Group Controlling department also has a leading role in the sustainability reporting process, which includes verifying the data used in sustainability reporting and ensuring that data processing and administration are performed correctly. The department also ensures the correct, complete and timely delivery of these reports and oversees other departments that deliver data, with a focus on accuracy and reliability.

5.5 Climate change

At Nedap, we acknowledge that we need to act to prevent further global warming. As an organization with a long-term perspective, we consider the impact of our business activities on future generations. As such, we want to contribute to a livable planet for generations to come. In addition, we want our solutions to contribute to the long-term success of our customers and their markets. We consider it our responsibility to help customers make their business models more responsible. Our commitment to combatting climate change is reflected in our long-standing commitment to achieving net-zero Scope 1 and 2 GHG emissions, as well our transition plan for Scope 3 GHG emissions. We are taking action to reduce GHG emissions within our operations and the supply chain, such as maximizing our use of renewable energy and working with our business partners and end-consumers to reduce energy consumption. We acknowledge challenges, such as electrical grid congestion in the Netherlands, while planning actions to address them.

As part of the DMA, we also assessed the impact of climate change on our business and the value chain (upstream and downstream). We determined that our assets are not significantly at risk from the physical impacts of climate change. As stated in subsection 5.3.2 Material impacts, risks and opportunities in section 5.3 Material sustainability matters, we did identify transition risks related to climate change. Specifically, we identified a reputational risk, where Nedap loses its relevance to stakeholders, and a value chain influence risk, where diminished influence in our value chain threatens the achievability of our sustainability ambitions. We also identified opportunities to help combat climate change. Building resilience to climate change therefore involves effectively managing these transitional risks.

As part of our resilience analysis, we also assessed whether our existing net-zero Scope 1 and 2 targets and actions are sufficient for building resilience, concluding that they are. Nedap will therefore continue to focus on climate mitigation actions.

5.5.1 Transition plan for climate change mitigation

In 2024, Nedap committed to setting near-term science-based GHG emissions reductions targets with the Science Based Targets initiative (SBTi), which is the first step in obtaining SBTi validated targets. Our targets are developed in line with science-based criteria of the SBTi and disclosed as such. In 2025, we will formally start the validation of the targets by SBTi.

At present, we have not identified any material locked-in GHG emissions from our key assets (buildings, vehicles and machinery) that would hinder our progress toward the stated targets, nor do we expect to in the future. There are locked-in GHG emissions from the products we sell, but these GHG emissions do not jeopardize our reduction targets. That is because the majority of our GHG emissions occur during the use phase of our products.

Our transition plan to reduce GHG emissions is aligned with Nedap's overarching strategic objectives, as outlined in our sustainability policy, and it is explicitly integrated into the budgeting process for our business units. The transition plan has been formally approved by both the Board of Directors and the Supervisory Board.

We are not excluded from the EU Paris-aligned Benchmark.

Transition plan for Scope 1 and 2

Since 2020, Nedap has been committed to reducing the environmental impact of its own operations, mitigating climate change and becoming as self-sufficient as possible. Our sustainability strategy aligns with our corporate strategy and, among other things, outlines our key decarbonization levers. These include improving the environmental sustainability of our buildings, installing solar panels, purchasing exclusively renewable energy and phasing out fossil-fuel-powered vehicles.

Our GHG emissions reduction targets are scientifically grounded and based on the Paris Climate Agreement goal to limit global warming to 1.5°C and achieve climate neutrality by 2050. Our targets we set are detailed in subsection 5.5.4 Targets related to climate change mitigation. We describe the key decarbonization levers of our transition plan and operational expenditures in detail in subsection 5.5.3 Actions and resources in relation to climate change policies, and subsection 5.5.4 Targets related to climate change mitigation. These sections include the concrete actions and resources committed to achieving our goals.

Transition plan for Scope 3

For Scope 3 GHG emissions, our primary focus is on reducing product GHG emissions during the use phase by our (end-) customers (Scope 3, Category 11 of the GHG Protocol), which accounts for the majority of our Scope 3 GHG emissions. We have set an ambitious target to reduce the intensity-based GHG emissions (metric tons of CO_2 equivalent (tCO_2e) per EUR of added value) by 7% per year, starting from 2020. The added value is the added value as disclosed in the consolidated profit and loss statement.

We will translate this Nedap-wide target into actions by integrating energy-saving features such as sleep mode to reduce power consumption and utilizing more energy-efficient components to optimize the duty cycle of hardware products. At the portfolio level, we will evaluate whether we have to phase out less efficient products to achieve our Nedap-wide target. This is part of the annual budgeting process with the business units, involving the allocation of resources (OpEx and CapEx) to this transition plan.

Progress on the implementation

We report on our progress in section 2.3 Progress on our sustainable impact. In addition, we provide data on Nedap's actual energy use and GHG emissions in subsection 5.5.5 Energy consumption and subsection 5.5.6 Gross Scopes 1, 2 and 3, and total GHG emissions.

5.5.2 Policies related to climate change mitigation

At Nedap, we are committed to minimizing GHG emissions from our operations and in our value chain. Our sustainability policy, established in 2022, consists of four focus areas: our employees, our operations, our products and our customers. The key contents of our sustainability policy are incorporated by reference and elaborated upon in section 1.5 Sustainability. In relation to this topical standard, the policy addresses GHG emissions from our operations and our products, as well as the sustainability of our customers' business models. In 2024, we aligned our sustainability policy with the material sustainability matters identified through our double materiality assessment. As such, the policy addresses the interests and needs of our stakeholders. The policy is yet to be published on our website.

Our transition plan aligns with our sustainability policy. The Board of Directors has determined the actions in our transition plan to achieve our GHG emissions targets and help mitigate climate change. To reduce our Scope 1 and 2 GHG emissions, we focus on the following:

- **Improving our buildings**
  We upgrade our buildings to enhance their sustainability, focusing on improved insulation and the installation of heat pumps and solar panels. Our goal is to achieve net-zero Scope 1 and 2 emissions by 2030.
- **Renewable energy**
  Since 2014, we have used exclusively renewable electricity for our office in Groenlo. We are now concentrating our efforts on transitioning our leased buildings to renewable energy contracts, ensuring that all our facilities align with our commitment to achieving net-zero Scope 1 and 2 GHG emissions by 2030. The data centers we use to host our SaaS solutions are all powered by renewable electricity.
- **Phasing out fossil fuel vehicles**
  We are on track to phase out fossil fuel vehicles by 2030, as we plan to purchase exclusively electric vehicles from 2025 onwards.

To reduce our Scope 3 GHG emissions, we focus on the following:

- **Reduction of use phase GHG emissions**
  The use phase of our products at our (end-)customers accounts for the majority of our Scope 3 GHG emissions, therefore we are implementing measures to reduce the energy consumption of our products.
- **Reduction of production GHG emissions**
  We focus on designing products with a lower impact on the production phase GHG emissions.

We focus on continuous improvement and regularly review and refine our approach, ensuring we meet both external requirements and our own high standards.

5.5.3 Actions and resources in relation to climate change policies

Actions for our own operations

Our Scope 1 GHG emissions result primarily from the consumption of natural gas and the use of fossil-fuel-based vehicles. Therefore, the decarbonization levers for our Scope 1 GHG emissions include reducing the consumption of natural gas and transitioning to non-fossil-fuel-based vehicles. In 2024, we took the following actions at Nedap N.V. to implement our sustainability policy and mitigate climate change:

- **Electrification of our vehicles**
  We signed a contract stating that from 2025 onwards, we will exclusively lease electric cars.
- **Building improvements**
  We improved building insulation, added triple glazing and renovated roofs.
- **Additional solar panels**
  We expanded the number of solar panels across our facilities to increase our renewable energy generation capacity.

Scope 2 GHG emissions arise from the purchase of non-renewable energy. The following actions are planned to address GHG emissions in both Scope 1 and 2:

- **Renewable energy contracts for new leases**
  When an office lease contract for one of our subsidiaries expires, we will only enter into new contracts for buildings that source 100% renewable energy.
- **Maximizing use of solar panels**
  The objective is to install the maximum number of solar panels on the roofs of our facilities.
- **Consider battery-based technologies**
  To avoid grid congestion and drawing excessive energy from the grid.
- **Installation of heat pumps**
  To move away from natural gas heating.

In addition, by the end of 2024, we completed the draft version of our long-term plan to make the Nedap Campus (buildings and terrain) more sustainable. Moreover, in all renovation projects, we will prioritize using sustainable, recycled and biobased materials to lower the carbon footprint of construction activities.

For Scope 1 actions, we have invested €0.3 million to upgrade the building insulation and install additional solar panels.
No significant additional financial resources were required for Scope 2 actions, as our current leases already cover building costs. There may be a marginal increase in energy costs upon transitioning to renewable energy, however renewable energy prices are not expected to differ significantly from current prices.

The successful implementation of these actions has already resulted in a GHG emissions reduction in Scope 1 and Scope 2 of 79 tCO_2e, both expected to decrease toward zero GHG emissions by 2030. Our actions will also result in increased energy efficiency across our operations. Details are included in subsection 5.5.4 Targets related to climate change mitigation and adaptation. By eliminating the use of natural gas, electrifying our operations and transitioning to electric vehicles, we will achieve zero GHG emissions for Scope 1. Our transition to renewable energy sources for leased buildings will mitigate our Scope 2 GHG emissions (market-based approach).

Future resources needed to achieve net-zero GHG emissions are primarily related to phasing out fossil-fuel-powered vehicles. At the same time, we are shifting from purchasing cars to leasing them. Consequently, there will be no material increase in CapEx or OpEx compared to fossil-fuel-powered vehicles.

We have various options for transitioning from natural gas to electricity in our operations, ranging from purchasing or leasing additional heat pumps to implementing additional infrastructural solutions to store heat for later use. Typically, these solutions involve a trade-off between CapEx and OpEx. An increase in CapEx leads to lower operational costs and vice versa. Infrastructural investments will increase the value of fixed assets on the balance sheet and result in higher depreciation expenses, whereas investments in heat pumps will require significantly lower CapEx but result in higher operating costs. We are collecting and evaluating input on these various options and expect to make an informed decision in 2025.

Actions for our products

Nedap is committed to reducing Scope 3 GHG emissions, with a focus on reducing product GHG emissions during the use phase (Scope 3, Category 11 of the GHG protocol). The business units may develop their own approach based on the nature of their operations. However, we recommend and guide the key markets in using the following decarbonization levers:

Sourcing less energy-consuming electronics
This lever focuses on the upstream part of the value chain and involves close collaboration with suppliers and the procurement teams responsible for sourcing components. Key stakeholders include suppliers of electronics and the internal procurement and sustainability teams.

Introducing sleep modes and duty cycle interventions
This lever impacts the downstream part of the value chain, affecting product use by customers. Key stakeholders include the Research and Development, product development and software engineering teams, as well as the end-users who interact with the products.

Portfolio management, phasing out high-GHG emissions products that do not provide proportional value
This lever applies to the downstream part of the value chain and involves managing the products available to customers, phasing out high-GHG emissions products that do not provide proportional customer value. Key stakeholders include the portfolio management and product development teams, marketing and customers who are affected by product changes.

Business strategy and portfolio shift
Our business strategy leads to a shift toward recurring business models, primarily related to software solutions. With that, our portfolio is shifting toward a relatively higher share of solutions with lower or no use phase GHG emissions, while also adding more value derived from sustainable practices.

These decarbonization levers provide flexibility, allowing each business unit to tailor its strategy for the short-, medium-, and long-term horizon and determine its actions for achieving GHG reductions, while ensuring alignment with the company's overall sustainability objectives.

These actions have led to a reduction in intensity-based GHG emissions of 204 tCO_2e per 1M EUR added value in 2024 compared to our base year 2020, and we expect to achieve our target of 430 tCO_2e per 1M EUR added value by 2030.

We have not incurred, nor do we foresee, significant separately identifiable CapEx or OpEx for Scope 3 actions as part of our efforts to align with SBTi targets. The most important Scope 3 actions relate to product improvements. At Nedap, this is a continuous process aimed at keeping products up to date from a technical, financial and environmental perspective. The resources associated with the achievement of SBTi targets are primarily related to (re)designing products to improve their energy efficiency. Because product improvement is an ongoing process at Nedap, the resources allocated for energy efficiency represent only a minor portion of the total.

5.5.4 Targets related to climate change mitigation

Scope 1 and 2 targets

Our target is to achieve net-zero GHG emissions for Scope 1 and 2 by 2030. While not yet validated by SBTi, our targets are aligned with SBTi, ensuring they are based on the latest climate science and consistent with the goal of limiting global warming to 1.5°C. To achieve our Scope 1 and 2 GHG emissions targets, we must reduce gross GHG emissions by 95%. These targets are aligned with the expectations of our stakeholders (employees, customers and (local) government) to reduce GHG emissions in line with the Paris Agreement.

Our base year is 2020, with a baseline value of GHG emissions of 854 metric tons of CO_2e, including all GHG emissions from Scope 1 and 2. The Scope 2 GHG emissions and target are calculated using market-based GHG emission factors. We deliberately selected 2020 as our base year. Although 2020 was the first year of the COVID-19 pandemic, our 2020 values accurately reflect Nedap's typical operations, GHG emissions sources and activity levels, allowing for meaningful comparison of GHG emissions reductions over time. As such, we believe our base year is consistent with the recommendations and guidance from SBTi.

The breakdown of the Scope 1 and 2 GHG emissions is as follows:

GHG Emissions (in tCO_2e)	2020	2023	2024	2030 target
Scope 1	790	814	706	40
Scope 2 (market based)	47	48	51	2

The Scope 1 and 2 decarbonization levers detailed in subsection 5.5.3 Actions and resources in relation to climate change policies will help us to achieve net-zero GHG emissions for our operations. For our subsidiaries, we strongly advocate the policy of not purchasing fossil-fuel-powered vehicles. For our European locations, we anticipate a seamless transition to electric vehicles, given the extensive charging infrastructure available. However, we recognize that some international locations, such as our offices in the United States of America, may encounter challenges in the adoption of electric vehicles due to limited charging infrastructure. In these instances, where a complete transition to electric vehicles may not yet be feasible, any residual GHG emissions from fossil-fuel-powered vehicles will be monitored and compensated through certified GHG removal initiatives. This ensures that even in regions with infrastructure limitations, we remain committed to achieving our net-zero targets by addressing and mitigating all residual GHG emissions.

Scope 3 targets

Using the guidance of the SBTi, we have set an ambitious reduction target for our Scope 3 GHG emissions, which is yet to be validated by the SBTi. Because our business is growing, we have chosen to set an intensity-based target. The intensity-based target for Scope 3 GHG emissions mandated by SBTi is a 7% annual compounded reduction of the GHG emissions per EUR of added value, starting from the base year 2020 to our target year 2030. This means our target value in 2030 is 48.4% of the 2020 value, a reduction of 51.6%. This aligns with a target of well below 2°C. It is also consistent with the expectation of our stakeholders (employees, customers and (local) government) to reduce GHG emissions in line with the Paris Agreement.

Addressing the largest GHG emissions sources is critical to making meaningful reductions. Consistent with SBTi, we must set a target that covers at least 67% of our total Scope 3 GHG emissions. The product GHG emissions during the use phase (Scope 3, Category 11) account for over 67% of the total, therefore we have set a target for this specific category. The base year of 2020 accurately reflects Nedap's typical operations, GHG emissions sources and activity levels, allowing for meaningful comparison of GHG emissions reductions over time. There are no external factors that may lead to adaptations of the GHG emissions calculated for this category.

Scope 3, Category 11	2020	2023	2024	2030 target
Absolute (in tCO_2e)	108,963	135,967	122,860	n/a
Added value (x 1,000€)	122,791	180,979	179,898	n/a
Intensity-based GHG emissions (in tCO_2e per 1M€ added value)	887	751	683	429
In % of base year 2020	100%	85%	77%	48%

The breakdown of the categories within Scope 3 for 2024, detailed in subsection Gross Scopes 1, 2 and 3, and total GHG emissions, demonstrates the absolute and relative contribution.

Per SBTi guidelines, we have set an intensity-based target for Scope 3, Category 11 GHG emissions. Therefore, an absolute target is not applicable.

When combined, the Scope 3 decarbonization levers outlined in this Sustainability statement will enable us to reach the 2030 intensity-based target. This is taking into account the individual growth strategies we foresee for software and hardware.

5.5.5 Energy consumption and mix

The data collection process and calculation of energy consumption are fully aligned with the GHG protocol. The primary source of the data is the invoices provided by electricity companies or the landlords from whom we rent our offices. We apply the same parameters as those used for our Scope 1 and 2 GHG emissions. To categorize energy consumption into different categories, we utilize various methods. For purchased renewable and nuclear energy, we apply the market-based approach, accounting only for energy that is verifiable. This ensures a conservative and accurate determination of renewable energy consumption.

The energy consumption for the reporting year 2024 is as follows.

	2023 (MWh)	2024 (MWh)
Total energy consumption from fossil sources	3,580	3,095
Total energy consumption from nuclear sources	13	13
Total energy consumption from renewable sources	3,990	4,080
- Fuel consumption from renewable sources	-	-
- Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	3,914	3,973
- Consumption of self-generated renewable energy from sources other than fuel	76	107
Total	**7,583**	**7,188**

Our 2024 consumption data show a further decline in our reliance on fossil sources (both natural gas for heating our buildings, as well as fossil fuels) and a slight increase in energy consumption related to our use of heat pumps and electric cars, half of which was self-generated through the installation of additional solar panels.

5.5.6 Gross Scopes 1, 2 and 3, and total GHG emissions

This subsection focuses on reporting our total gross GHG emissions for Scope 1, 2 and 3. Scope 1 covers direct GHG emissions from our own operations, such as fuel use for company-owned vehicles and natural gas for heating. Scope 2 includes indirect GHG emissions from purchased electricity, heat and steam. Scope 3 encompasses GHG emissions from our entire value chain, including supplier activities, product use and end-of-life disposal. We take a comprehensive approach to data collection and conducting life cycle analyses of our portfolio, aimed at ensuring transparency and accuracy in our GHG emissions reporting.

Nedap employs a centralized approach for calculating GHG emissions across Scope 1, 2 and 3. All subsidiaries report their activity data using a standardized format to the group, where the GHG emissions are calculated on a consolidated basis. Under this approach, Nedap reports direct GHG emissions (Scope 1) from any activities or facilities it manages and controls, including energy systems such as natural gas heating systems. Activities where Nedap does not directly manage the GHG emissions source, but consumes or purchases energy (e.g., electricity, steam or heating), are classified as Scope 2 GHG emissions.

For Scope 1 and 2 GHG emissions from combustion, GHG emission factors (EFs) are applied using the tank-to-wheel (TTW) approach. We prioritize the use of market-based EFs or EFs published by the countries in which Nedap operates. If a country does not provide specific EFs, we obtain suitable factors from alternative sources. For Scope 3, life cycle EFs are used, which include not only the combusting of the fuel, but also all other GHG emissions that occur during the fuel life cycle.

For the calculation of Scope 3 Category 11 GHG emissions, we have used estimations for lifespan, duty cycles and power consumption by using input from internal subject matter experts, product specification information, sales information in product databases and business partner inquiries. We had to estimate the Scope 3 Category 12 GHG emissions, as they are included in Scope 3 Category 1 within the LCA software we use to calculate our GHG emissions. For the estimation, we used the ratio between the Category 1 and Category 12 GHG emissions from previous versions of the LCA, where this information was available.

Nedap gross total GHG emissions for 2024

Nedap calculates and reports both its location-based and market-based Scope 2 GHG emissions. In Scope 2 reporting, the location-based method calculates GHG emissions based on the average GHG intensity of the local grid, while the market-based method reflects GHG emissions from the specific energy purchased, such as renewable energy contracts. Nedap's market-based GHG emissions are significantly lower than the location-based GHG emissions because we primarily use renewable electricity.

Targets are set in line with SBTi and are expressed in tCO_2e per 1M EUR of added value.

GHG Emissions (in tCO_2e)	Retrospective Base year 2020	2023	2024	Reduction 2024 vs 2023	Milestones and target year Target year 2030
Scope 1 GHG emissions	790	814	706	-13%	-95%
Scope 2 GHG emissions (location-based)	1,134	1,188	1,117	-6%	n/a
Scope 2 GHG emissions (market-based)	47	48	51	6%	-95%
Significant Scope 3 GHG emissions					
1 Purchased goods and services	53,785	69,356	48,471	-30%	n/a
2 Capital goods	2,671	3,661	3,610	-1%	n/a
3 Fuel- and energy-related activities	206	254	252	-1%	n/a
4 Upstream transportation and distribution	252	236	195	-17%	n/a
5 Waste generated in operations	2	2	1	-50%	n/a
6 Business travel	633	1,022	887	-13%	n/a
7 Employee commuting	526	949	1,022	8%	n/a
9 Downstream transportation and distribution	1,683	742	497	-33%	n/a
11 Use of sold products	108,964	135,967	122,860	-10%	n/a
12 End-of-life treatment of sold products	3,629	4,878	3,293	-32%	n/a
Total GHG emissions					
Total GHG emissions (location-based)	**174,275**	**219,069**	**182,911**	**-17%**	**n/a**
Total GHG emissions (market-based)	**173,188**	**217,929**	**181,845**	**-17%**	**n/a**

Our 2024 Scope 1 GHG emissions show a further decline in our reliance on fossil sources (both natural gas for heating our buildings, as well as fossil fuels) and a slight increase in Scope 2 GHG emissions related to our use of heat pumps and electric cars, half of which was self-generated through the installation of additional solar panels.

For our Scope 3 GHG emissions, we see a decline driven by GHG emissions in Scope 3 Category 1, which declined, both due to lower product sales as well as a reduction in inventory used for sales (i.e., no purchases were needed for the goods sold) and GHG emissions in Scope 3 Category 11, which declined due to lower hardware sales.

GHG intensity based on net revenue

Based on our net revenue of €251.6 million (as disclosed in our financial statements), our location-based GHG emissions intensity is 0.727 metric tons of CO_2e per €1,000 revenue and our market-based GHG emissions intensity is 0.723 metric tons of CO_2e per €1,000 revenue (2023: revenue €262.4 million, location-based 0.835 tCO_2e per €1,000 and market-based 0.830 tCO_2e per €1,000).

5.5.7 EU Taxonomy disclosures

Over the past years, the European Parliament and the European Commission have worked on regulations for non-financial reporting (EU regulation 2020/852, also known as the Taxonomy Regulation (the 'Taxonomy')).

This regulation establishes a framework to facilitate sustainable investment. The Taxonomy is essentially a classification of economic activities based on their contribution to achieving specific climate and environmental objectives. The aim of the Taxonomy is to enhance transparency and comparability. Tying in with the climate targets from the Paris Climate Agreement, the Taxonomy establishes the following environmental objectives:

1. Climate change mitigation.
2. Climate change adaption.
3. The sustainable use and protection of water and marine resources.
4. The transition to a circular economy.
5. Pollution prevention and control.
6. The protection and restoration of biodiversity and ecosystems.

Similar to prior years, the Taxonomy’s criteria were assessed for Nedap's activities. This assessment encompassed validating all relevant technical screening criteria and 'Do No Significant Harm' (DNSH) requirements against the said activities. The current financial year introduced an expansion in the Taxonomy’s scope: whereas 2023 introduced eligibility assessments for the environmental objectives 3 through 6 the current financial year includes validating alignment against the Taxonomy’s scope as well. This development reflects the EU’s ongoing commitment to broadening the ambit of its sustainability framework, ensuring a more holistic approach to environmental governance.

Climate change objectives

An economic activity is classed as an economic activity that substantially contributes to climate change mitigation if, in line with the long-term temperature target from the Paris Agreement, it substantially contributes to the stabilization of concentrations of greenhouse gases in the atmosphere at a level where hazardous anthropogenic disruption of the climate system is prevented, by preventing or reducing GHG emissions or increasing GHG removal, including through process or product innovation. Making a building climate-neutral is an example of such an activity.

An economic activity is classed as an economic activity that substantially contributes to climate change adaptation if it involves solutions that substantially reduce the (risk of) adverse effects of the current climate and the expected future climate on that economic activity. Or if that activity directly facilitates other activities that contribute substantially toward achieving one or several of the objectives. Earthquake-proofing or flood-proofing a building is an example of such an activity.

Besides contributing to countering or dealing with climate change, the activity must not do significant harm to the other defined environmental objectives. Certain minimum safeguards must also be in place to guarantee compliance with the OECD guidelines for multinational enterprises and the UN’s guiding principles on business and human rights, including the principles and rights described in the eight fundamental conventions in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work and in the International Bill of Rights.

Environmental objectives

The four environmental objectives collectively aim to establish sustainable ecosystems by integrating responsible water management, waste minimization, pollution reduction and biodiversity conservation, ensuring a holistic approach to environmental sustainability and ecosystem resilience. Contribution to one or more environmental objectives must not do significant harm to any of the other environmental or climate change objectives.

Scope of the Taxonomy

The rationale behind the selection of activities currently identified in the EU Taxonomy is primarily based on their potential to contribute significantly to the European Union’s climate and environmental objectives, particularly in the context of the European Green Deal and the bloc’s commitments to the Paris Agreement. These activities are identified for key sectors where substantial sustainable impact can be made. The focus is on sectors that either have high potential to reduce GHG emissions, are crucial for adaptation to climate change, or are vital for protecting water and marine resources, transitioning to a circular economy, preventing pollution and preserving biodiversity and ecosystems.

The activities that the European Commission has identified mainly concern industries other than the sectors in which Nedap operates, i.e., industries with a greater GHG emission reduction and environmental contribution potential. This is the reason for having a relatively low eligibility percentage, compared to companies that fall within the defined sectors.

Relevance to Nedap in 2024

Climate change

The focus areas that the EU has designated for reporting on environmentally sustainable economic activities were initially found mainly, albeit not exclusively, in sectors in which Nedap does not operate, such as forestry, construction, heavy industry, energy generation, water supply, waste processing and transport. In 2023 eligible activities in various sectors were added, notably in the automotive and aviation industry. These activities have to report on alignment in 2024. The information and communications sector remained the most relevant Taxonomy domain for Nedap. This sector can substantially contribute to preventing climate change by developing data-driven solutions that are used primarily to provide data and analyses that enable reduction of GHG emissions. Hosted solutions in energy-efficient data centers can also contribute if the operations of a data center meet the defined energy-efficiency standards.

The following activities are considered the most relevant for Nedap from a Taxonomy point of view:

- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles.
- 7.X Renovation of existing buildings, installation, maintenance and repair of energy-efficiency equipment, installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings).
- 8.1 Data processing, hosting and related activities.

Activities related to numbers 6 and 7 involve buying goods or services that meet environmental standards. They also include actions that make the main activities more environmentally friendly or reduce the company's own GHG emissions. Activity 8 focuses on offering environmentally friendly products and services to customers.

While the regulation highlights specific manufacturing activities that can contribute to climate change mitigation, such as 3.5 'Manufacture of energy-efficient equipment for buildings' and 3.6 'Manufacture of other low carbon technologies', Nedap's involvement in these areas is not in manufacturing itself. Instead, the company focuses on researching, designing, developing, marketing and selling products within these categories. The actual production process of these products is entrusted to specialized Electronic Manufacturing Service companies, which makes Nedap not eligible under said manufacturing activities of the Taxonomy. This approach allows Nedap to concentrate on its core competencies while leveraging the expertise of our manufacturing partners.

Environment

Environmental objectives are currently targeted at activities relating to water leakage control, waste treatment, pharmaceutical products, nature conservation & restoration and sustainable manufacturing (and related services). Only the last category, defined in detail in Annex II ‘Transition to a circular economy’ of the Technical Screening Criteria, encompasses economic activities that Nedap performs.

In the context of the Taxonomy, Nedap is positioned to potentially contribute to a circular economy through the following identified activities:

- 1.2 Manufacture of electrical and electronic equipment.
- 5.1 Repair, refurbishment and remanufacturing.
- 5.5 Product-as-a-service and other circular use and result-oriented service models.

Revenue of activity 5.5 is realized through data centers (Climate Change Mitigation activity 8.1). To avoid double counting it is not being reported on as a circular activity.

Revenue

Climate change

Activity 8.1 is a climate change mitigation (CCM) economic activity, the three environmental activities contribute to a circular economy (CE). The Taxonomy classes CCM8.1 as a transition activity that contributes to climate change mitigation if it is performed through data centers ('The storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centers, including edge computing (decentralized data processing)'). These data centers' GHG emissions must be aligned with best practices in the sector or industry.

The revenue that Nedap generates from software subscriptions (licenses) and services (€100,193k in 2024, note 14 of the consolidated financial statements) which is largely (€92,104k) made up of economic activities performed through data centers, is an important activity for the company since most of its recurring revenue is generated through these data centers. The data centers that Nedap uses the most all meet the European code of conduct for energy efficiency in data centers, demonstrating a major part of the alignment criteria. Energy efficiency cannot be established for a small percentage of data center revenue (less than 10%) related to hosting by Amazon Web Services (AWS) and Microsoft (Azure), as these providers' facilities are not always individually identifiable to Nedap. This makes it difficult to establish how well these services provided to Nedap adhere to environmental standards. Both AWS and Azure have, however, committed to transitioning to 100% renewable energy by 2025.

For the part (€92,104k) of the activity that is eligible to be screened against the technical screening criteria defined in the Taxonomy, it was concluded that alignment could not be established for this activity due to the absence of auditable compliance with Global Warming Potential criteria of refrigerants used in the data centers' cooling systems. Reference is made to the paragraph Reclassification of 2023 figures for further clarification.

The activity does not significantly harm climate change adaptation, sustainable use and protection of water and marine resources, pollution, biodiversity and the transition to a circular economy.

This was assessed by validating all technical screening criteria against compliance with the DNSH criteria:

- No significant harm is done to climate change adaptation, which was the outcome of an assessment of climate related hazards.
- The sustainable use and protection of water and marine resources was assessed against the criteria relevant to this objective, and confirmation was received from those centers that align with this criterium.
- Regarding the transition to a circular economy no significant harm was established by validating the certification requirements as stated in Directive 2009/125/EC, the absence of restricted substances as per Directive 2011/65/EU and the waste management plan that is in place that ensures maximal recycling at end of life electrical and electronic equipment.

Nedap has also established compliance with the minimum safeguards as required by the EU. Compliance involves establishing adequate human rights due diligence processes, implementing anti-corruption measures, ensuring tax governance and compliance, and promoting awareness of competition laws among employees. Details of the aforementioned can be found in section 3.1 Business integrity, subsections Code of Conduct, Anti-bribery and anti-corruption, Nedap compliance training, Human rights and other fundamental rights and Taxation and in section 3.2 Risk management and internal controls, subsections Tax control framework and Risk table. This adherence is in line with the criteria outlined for EU companies, ensuring we do not fall into non-compliance by violating labor laws, engaging in corrupt practices, mismanaging tax responsibilities, or breaching competition laws.

The remainder of the revenue (€159,502k, as detailed in note 14 Products, Systems and Installations in the consolidated financial statements) stems from activities that have not been classified by the European Parliament as directly contributing to climate mitigation or adaptation. Many manufactured products are considered eligible for climate objectives only if their primary aim is to reduce GHG emissions. While Nedap's range of energy-efficient products does support the reduction of GHG emissions in many customers' operations, this is not their primary intended purpose.

Nedap continuously conducts life cycle assessments for all of its hardware products, having further refined the assessment for its product groups in 2024 (see section 1.5 Sustainability and subsection Our Products in section 2.3 Progress on our sustainable impact). The activities performed using Nedap products are intended to, among other things, reduce waste streams at retailers, boost food efficiency at agricultural companies and prevent the use of chemicals in water purification. In Nedap's view, they contribute to facilitating its customers in transitioning to a more sustainable organization and society. Information on how our customers use these products, which would be needed to be able to establish a demonstrable contribution toward one or several of the EU-defined environmental objectives, is currently not reliably available. Nedap's contribution toward customers' sustainability objectives is, therefore, captured in qualitative terms. Revenue from products, systems and installations has, therefore, not been designated as a Taxonomy-eligible activity contributing to climate change mitigation or adaptation.

Environment

Upon evaluating the three activities identified for potential contribution by Nedap, it was concluded that activity 1.2 'Manufacture of Electrical and Electronic Equipment', has the most relevance to Nedap under environmental objectives as repair activities (activity 5.1) are of limited size and product-as-a-service offerings (activity 5.5) are included in climate change mitigation activities due to the fact that these activities are predominantly related to software-based solutions. The hardware component plays a minimal role within these activities.

Activity 1.2 'Manufacture of Electrical and Electronic Equipment' encompasses the manufacturing of Nedap's products that have not been outsourced to third parties. These products are not related to low carbon technologies or energy-efficient equipment and therefore do not qualify under climate change mitigation criteria. The manufacturing of said products is, however, an activity that could potentially contribute to circular objectives and is thus included here.

Although activity 5.1 'Repair, refurbishment and remanufacturing' is insignificant in terms of revenue generation it does contribute to circular objectives. Nedap's products are built to last, with a robust design and extensive durability testing prior to delivery. Only very limited number of products return to Nedap for repair. If they do, Nedap's excellent warranty policies entitle customers in most cases to a repair, refurbishment or replacement.

Nedap's activities covered by aforesaid Taxonomy eligible activities do not meet the alignment criteria, as defined by the EU. In absence of an Ecolabel the Taxonomy requires, amongst others, the availability of independent certified repairers and recyclability that relies on a specific standard (EN 45555:2019). This standard currently adversely impacts the longevity of the intended use of Nedap's products. Nedap will be assessing the actions necessary for potential future compliance with these requirements as part of the company’s sustainability ambitions and targets.

Capital and operating expenditure

All the listed Taxonomy categories relevant to Nedap involved capital expenditure in 2024. This expenditure, along with the associated operating expenditure, is presented in the tables at the end of this section.

Capital expenditure

Eligible investments in fixed assets are related to hosting activities, the electrification of Nedap's fleet of vehicles, the reduction of fossil energy consumption in our buildings and the manufacturing of electronic equipment. The eligible CapEx for manufacturing activities classified under CE 1.2 includes investments in buildings, machines and measuring and testing equipment at our own manufacturing facilities. Aligned activities are for the purchase of solar panels at our headquarters and electrical car charging facilities at employees' homes. Nedap offers a home charging point for every employee with a PHEV or fully electric company car.

Contrasting with the significant renovations conducted in earlier years, our ongoing efforts to decarbonize the buildings at our Groenlo Campus have encountered an unanticipated setback in recent years. The inability of regional and national grid operators to upgrade our power connection creates additional challenges in achieving our net-zero ambition. Increased green electricity is vital for our continued investments in vehicle charging facilities and the scaling down of fossil energy consumption at our facilities. Pending an expanded electricity capacity, the planned initiatives to reduce our Scope 1 GHG emissions had to be partially (and temporarily) deferred.

Ineligible investments include investments in the modernization of facilities and workplaces at our sites, most right-of-use leases, molds and dies and capitalized development costs for activities that are not part of activities eligible under the Taxonomy.

Operating expenditure

The operating costs to be assessed under the Taxonomy are direct non-capitalized costs relating to research and development, building renovations, short-term rentals, maintenance and repairs, and all other direct expenditures relating to the day-to-day maintenance of tangible fixed assets and equipment by the company or a third party engaged for these purposes, which are needed to guarantee the continuous and effective functioning of such assets. Given that Nedap has been investing in greening its buildings and other assets for years, those assets are relatively new and involve limited operational costs. These are mainly operating costs for maintenance of Nedap's fleet of vehicles, and costs relating to the correct (continued) functioning of installations and manufacturing equipment in the various buildings on Nedap's Campus. Buildings of subsidiaries are all leased assets and the correct and effective functioning of these does not come with additional operating expenditure for Nedap.

Based on the accounting policies cited in the consolidated financial statements, the percentages listed have been calculated as the revenue (detailed in note 14 of the consolidated financial statements), investments in fixed assets (detailed in notes 1 and 2 of the consolidated financial statements), and operating costs that qualify under the Taxonomy, as part of the total revenue, investments in fixed assets, and the total aforementioned direct non-capitalized operating costs.

Nedap has made an effort to include all eligible activities in its disclosures. Only when an activity is deemed of limited size and importance to Nedap it is not being reported on.

Reclassification of 2023 figures

Given the absence of unequivocal supplier declarations in 2023, Nedap relied on information obtained through conversations, greening plans disclosed on data centers' websites and audit reports that were made available by data centers used for the activities classified under 8.1 'data processing, hosting and related activities'. This information suggested alignment with the Taxonomy criteria, notably by complying with the European code of conduct for energy efficiency. CapEx plans to replace existing chilling installations were part of these discussions. In 2024 it was established that the pace at which the global warming potential (GWP) of refrigerants used in the data center cooling systems will be brought down to systems not exceeding that of difluoromethane (with a GWP of 675) is not (yet) publicly disclosed, although plans exist to start naming those facilities that are aligned with the regulation. Until then, the CapEx plan could potentially exceed the timing criteria defined for said plans. Although this does not necessarily mean that the CapEx plans disqualify for alignment with the Taxonomy criteria, it is currently not possible to evidence this without further disclosures from these data centers. Nedap has therefore decided to present this activity as a non-aligned activity, whilst reclassifying it's 2023 comparative figures.

A further reclassification is applied to the investment in electric vehicles. Although the investment meets all the criteria for substantial contribution to climate change mitigation, in depth analysis of the DNSH criteria on pollution prevention and control indicate that external rolling noise requirements that require tires to be in the highest populated class potentially disqualifies the investment in electric cars from alignment. Nedap assessed this criterium in 2023 in the spirit of the law as not significantly harming any of the environmental criteria (prioritizing energy efficiency and grip safety over a limited reduction in noise levels) but acknowledges that, being unable to retrieve all tire specifications of investments in electric vehicles in 2023 and based on the criteria in Regulation (EU) 2070/740, a reclassification is considered appropriate to present the information more reliably in line with the formal text of the Taxonomy.

Conclusion

Given that the EU primarily focuses on sectors other than the ones in which Nedap operates, i.e., sectors with greater contribution potential, the share of Taxonomy-eligible activities could stay limited. We are committed to enhancing our positive contribution and reducing any negative impacts across all markets we serve. This commitment often extends beyond the range of activities identified by EU legislation, which might not align with the core of our business. We are focused on delivering sustainable and advantageous solutions, even in areas not expressly emphasized by current governmental policies. Our dedication encompasses a broad spectrum of sustainable goals, including those that might fall outside the activities specified by the EU.

Taxonomy disclosures

Nuclear and fossil gas related activities:

	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for district heating or industrial processes (e.g., hydrogen production), as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for district heating or industrial processes (e.g., hydrogen production from nuclear energy), as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Proportion of turnover/Total turnover

	Taxonomy-aligned per objective	*Taxonomy-eligible per objective*
CCM	0%	37%
CCA	0%	0%
WTR	0%	0%
CE	0%	25%
PPC	0%	0%
BIO	0%	0%

Proportion of CapEx/Total CapEx

	Taxonomy-aligned per objective	*Taxonomy-eligible per objective*
CCM	1%	23%
CCA	0%	0%
WTR	0%	0%
CE	0%	17%
PPC	0%	0%
BIO	0%	0%

Proportion of OpEx/Total OpEx

	Taxonomy-aligned per objective	*Taxonomy-eligible per objective*
CCM	0%	51%
CCA	0%	0%
WTR	0%	0%
CE	0%	49%
PPC	0%	0%
BIO	0%	0%

5.5.8 EU Taxonomy tables

Turnover € x 1,000 Financial Year N		2024		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	Turnover	Proportion of Turnover, year N	Climate Change Mitigation	Climate change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, year N-1	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**-**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0%**		
Of which Enabling																		E	
Of which Transitional		-	0%	0%							Y	Y	Y	Y	Y	Y	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Hosting at data centers	CCM 8.1	92,104	37%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								29%		T
Manufacture of electrical and electronic equipment	CE 1.2	62,493	25%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								32%		
Repair, refurbishment and remanufacturing	CE 5.1	88	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		154,685	62%	0%	0%	0%	0%	0%	0%								61%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**154,685**	**62%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**61%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**96,921**	**38%**																
Total		**251,606**	**100%**																

CapEx € x 1,000 Financial Year N		2024		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	CapEx	Proportion of CapEx, year N	Climate Change Mitigation	Climate change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, year N-1	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Charging stations for electric vehicles	CCM 7.4	49	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0%	E	
Renewable energy technologies	CCM 7.6	80	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		129	1%	0%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%		
Of which Enabling		129	1%	Y	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%	E	
Of which Transitional		-	0%	0%							Y	Y	Y	Y	Y	Y	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Hosting at data centers	CCM 8.1	1,196	7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								35%		T
Transport by passenger cars	CCM 6.5	1,289	7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8%		
Transport by passenger cars	CCM 6.5	59	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2%		T
Renovation of existing buildings	CCM 7.2	1,416	8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2%		T
Energy efficient equipment	CCM 7.3	79	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%	E	
Manufacture of electrical and electronic equipment	CE 1.2	3,009	17%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								13%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**7,048**	**39%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**60%**		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**7,177**	**40%**	**48%**	**0%**	**0%**	**0%**	**13%**	**0%**								**60%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**10,758**	**60%**																
Total		**17,935**	**100%**																

OpEx € x 1,000 Financial Year N		2024		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	**Code(s)**	**OpEx**	**Proportion of OpEx, year N**	**Climate Change Mitigation**	**Climate change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Climate Change Mitigation**	**Climate change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Minimum Safeguards**	**Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, year N-1**	**Category enabling activity**	**Category transitional activity**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**-**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0%**		
Of which Enabling																		E	
Of which Transitional																			T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transport by passenger cars	CCM 6.5	278	28%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								9%		
Renovation of existing buildings	CCM 7.2	228	23%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								69%		
Manufacture of electrical and electronic equipment	CE 1.2	482	49%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								22%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**988**	**100%**	**51%**	**0%**	**0%**	**0%**	**49%**	**0%**								**100%**		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**988**	**100%**	**51%**	**0%**	**0%**	**0%**	**49%**	**0%**								**100%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**-**	**0%**																
Total		**988**	**100%**																

5.6 Circular economy

In our Nedap portfolio, hardware and software work together to help people succeed in their professional lives. At Nedap, we have a long history of designing products that last a long time. The lifespan of our hardware products, such as our neck tags for the livestock market and Electronic Article Surveillance (EAS) gates for the retail market, often exceeds our customers' expectations. In some cases, the balance between durability and the end-of-life treatment of our products meant that we had to compromise on circularity, resulting in a loss of valuable materials in the value chain and environmental impacts through the global distribution of our products. We aim to incorporate circular principles into our product designs while safeguarding the durability of our products to reduce our environmental impact. In addition, upcoming regulations related to design and circularity could impact our business. Therefore, we consider our outflow of products to be material as both a negative impact, as well as a risk.

5.6.1 Policies related to the circular economy

Nedap's circularity strategy centers on three key pillars:

1. **Lifespan**
   Extending product life through durable design, repairability and long-term spare part availability.
2. **Materials**
   Minimizing material use.
3. **Waste**
   Reducing waste through reuse, recycling and efficient end-of-life management, following the waste hierarchy (prevention, reuse, recycling, recovery and disposal).

In 2024, we drafted the Sustainable design policy, which defines our strategy for minimizing the use of resources that negatively affect the planet. It aligns with our commitment to optimizing resource efficiency and reducing waste by designing products with consideration for their end of life. For additional information on the policy, please refer to subsection Our Products in section 2.3 Progress on our sustainable impact.

With the actions that we will formulate based on our policy, we will ensure that our products meet increasingly stringent circularity standards. These actions include integrating circularity into our design processes, both proactively by focusing on ecodesign for new products and reactively by making improvements to the existing portfolio. The policy also aims to ensure compliance with upcoming legislation such as the Ecodesign for Sustainable Products Regulation (ESPR), thereby mitigating both regulatory and reputational risks. When the actions are formulated and the targets set, we will publish the policy on our website.

By aligning our operations with the principles of a circular economy, Nedap supports a net-zero future, while maximizing resource efficiency and minimizing environmental impact.

5.6.2 Actions and resources related to the circular economy

We are in the process of setting targets and objectives related to the circular economy, which will become part of our Sustainable design policy. Once completed, we will formulate actions for achieving these targets and objectives. The business units will be responsible for adopting, planning and rolling out these actions. We expect to finalize the process of formulating actions and assigning resources in 2025, allowing us to begin making progress toward our circularity objectives.

5.6.3 Targets related to the circular economy

Nedap does not yet have targets related to resource outflows. In 2024, we determined our baseline level for resource outflows, which is included in subsection 5.6.4 Resource outflows of section 5.6 Circular economy. In 2025, we will define targets to comply with the objectives outlined in the Sustainable design policy, taking into account the actions and allocated resources for each key market. Any targets we will set are not mandated by any current regulation or legislation.

5.6.4 Resource outflows

We prioritize durability and reparability out of the waste hierarchy when designing the electronics in our hardware portfolio, resulting in a typical product lifespan of around ten years. This is supported by our partner network and the reliable availability of spare parts. In addition to electronics, we sell consumables. These are single-use items that are necessary for the ongoing functionality of our electronics solutions but that are not permanent components. Examples include RFID labels and cards.

With the help of an external professional party, we determined our 2023 baseline. We analyzed our top 75 products in terms of our 2023 product sales volume multiplied by the weight of these products, which represented 75% of the total. With the external professional party's help, we concluded that this is a representative distribution of products within our hardware portfolio. We removed the Pigs solution data from the baseline to prevent the skewing of the data; the Pigs solution is already being phased out and its inclusion would have resulted in a significant and unrealistic improvement in the data. After removing the Pigs solution data and backfilling with two products, 60 products remain as a representative baseline, accounting for 69.9% of our sold volume.

Comprehensive information or industry averages on durability are not available or readily accessible. For this reason, the Research & Development teams and Product Management teams of each hardware-developing business unit assessed the durability, reusability, repairability, ease of disassembly, recyclability and remanufacturing potential of their products and packaging, resulting in an overview of our product life cycle impacts. For durability, repairability and recyclability, no objective external market data is available, and these estimations are made by Nedap by using internal subject matter experts, product specification information, sales information in product databases and business partner inquiries. Based on management's understanding of our business, we concluded that the numbers are representative. For 2025, we aim to collect and register more data to provide a more accurate calculation.

We distinguish two types of hardware products in our portfolio, namely consumables (e.g., RFID labels for the retail market), which have a short lifespan, and electronics, which have a much longer lifespan. Our baseline values are based on 2023, due to the lack of information available.

Product type		Durability [1] (years)	Repairable weight [2] (kg)	% of total weight	Recyclable content of products [3] (kg)	% of total content	Recyclable content of packaging [4] (%)
Consumables	2024	2.0	-	0%	30,482	4%	99%
	2023	2.0	-	0%	49,292	5%	99%
Electronics	2024	10.1	308,290	42%	491,382	67%	99%
	2023	9.9	430,776	48%	607,760	68%	99%

[1] Our durability is measured by the weighted average expected lifespan of our products within the category.

[2] Repairable weight is measured as the sum of the weight of the parts that can be repaired within the products sold in the corresponding year.

[3] Recycle content of the products is measured as the sum of the weight of the parts that can be recycled within the products sold in the corresponding year.

[4] Recyclable content is calculated as the weighted average percentage of the packaging (e.g., boxes, bags, pallets) that can be recycled.

We disclose the estimated durability of our products in comparison to the industry average for each product group:

- **Durables (mostly electronics)**
  The estimated weighted average lifespan for our products is 10.1 years, compared to 9.7 years for our competitors' products.
- **Consumables**
  Our analysis indicates no difference in expected durability between our consumables and those of our competitors, so we consider them to be two years for both our products and those of our competitors.

Due to limited publicly available competitor data, we have made prudent estimations based on customer feedback, market insights and internal expert opinions. We recognize the importance of improving data transparency and expect that more comprehensive industry-wide durability benchmarks will become available in the near future.

5.7 Own workforce

Nedap strives to be the preferred organization for top-tier talent by fostering a culture of growth and excellence, and by facilitating a work environment where people feel safe, valued and empowered. This ambition is part of the Our employees focus area of our sustainability policy. We achieve this by offering personal and professional development opportunities, translating our DEI vision into action and making procedural decisions (e.g., updating the hiring policy for senior management positions) aimed at enhancing diversity in our organization. Our workforce includes employees directly employed and paid by our legal entities, as well as non-employees, such as secondees, self-employed contractors, temporary workers and students.

We acknowledge the risk that due to fast-moving developments in technology, we are unable to keep all our own employees' knowledge up to date, leading to a loss of our competitive advantage. We also acknowledge that the nature of the work environment poses risks and may result in negative impacts. When we are unable to foster a diverse, equitable and inclusive work environment, this may negatively impact the well-being of individual employees and non-employees. When workers (employee and non-employee of any gender, age and/or working for any of our entities) do not feel empowered to be their authentic self, they may also experience barriers to reaching their full potential. Risks include losing well-qualified workers and not being able to attract new qualified people due to reputational damage. We have not identified any groups of people, such as people working at specific Nedap offices or individuals undertaking particular activities, who are at greater risk of harm.

5.7.1 Policies related to own workforce

Nedap has implemented several policies related to its own workforce, which are detailed below.

Human rights

Nedap's dedication to upholding human rights, as defined by the United Nations in its Universal Declaration of Human Rights, is formalized in Nedap's human rights policy document, which has been drafted in 2024 and will be published on the website. We support the principles set out in the OECD Guidelines for Multinational Enterprises and those in the ILO Declaration on Fundamental Principles and Rights at Work. Any investigations, based on the OECD guidelines, are conducted in a way that corresponds with Nedap's size and the nature and context of its operations, as well as the severity of the risks of adverse effects on human rights. This policy applies to all our employees and non-employees worldwide. We also specifically address human rights in our code of conduct and explicitly reject any form of trafficking, forced labor and child labor. Our current human rights policy does not describe mechanisms and processes for monitoring compliance with the United Nations Guiding Principles on Business and Human Rights, ILO Declaration and OECD Guidelines, nor are there measures in place to remedy any negative impact on human rights. We will assess whether such additions are necessary for Nedap. For more information on our human rights policy, please refer to section 3.1 Business integrity.

Workplace accident prevention

We comply with all relevant laws and regulations regarding working conditions and employee health to create a safe work environment for our employees and have not deemed it necessary to formalize this in a policy. At our Nedap office in the Netherlands, we have two designated prevention officers and a well-functioning, trained Emergency Response Team consisting of around 90 people. As mandated by law, we have a risk inventory and evaluation, plan of action and company emergency plan in place that describe risks related to the work environment and instructions for responding to possible situations. All Nedap subsidiaries globally have implemented their own prevention policies in compliance with local laws and regulations. In 2025, we will implement a periodic review process to ensure the prevention policies of our subsidiaries remain up to date. For more information, please refer to section 3.1 Business integrity.

Equal opportunities

As outlined in our code of conduct, we do not permit any form of discrimination. Nedap has also devoted significant time and attention to DEI in recent years, aimed at developing, documenting and sharing our approach within Nedap. Following structured discussions on this topic, we translated our insights into the first iteration of our Nedap-wide DEI policy and action plan, which has been approved by the Board of Directors. Our DEI policy serves as a starting point. Recognizing both the importance and complexity of this topic, we will continue to enhance our insights and refine and expand our policies. In 2024, Nedap recruited a DEI Lead and DEI Catalyst from offices worldwide to lead initiatives that create a more welcoming and inclusive workplace. Both roles report to the CCO.

Personal development

Nedap's talent development approach is built on trust, autonomy and continuous growth and is not formalized in a policy. We empower employees to take ownership of their development by providing the right environment, tools and opportunities to learn and thrive. We foster a culture where curiosity and initiative are valued, encouraging individuals to explore new challenges and expand their expertise. Through mentorship, learning programs and real-world experience, we support personal and professional growth aligned with both individual aspirations and Nedap's ambitions. By investing in our people, we strengthen our collective ability to add value and drive innovation. Talent development at Nedap is not a rigid framework but an evolving journey to help people reach their full potential. More information on talent development can be found in subsection People and talent development in section 2.2 Progress on our people.

Whistleblower policy

The whistleblower policy describes the procedure for safely reporting (the suspicion of) misconduct or irregularities. Misconduct refers to situations that can have serious consequences for our organization, our employees, other stakeholders and/or society. Irregularities are failures or errors in execution, structures, processes or procedures within the organization that are so serious that they exceed the responsibility of direct management.

5.7.2 Processes for engaging with own workforce

Within Nedap, we have various formal and informal channels to engage with employees. We elaborate on these channels in the paragraphs below.

Works council

In line with the Works Councils Act ('Wet op de Ondernemingsraden'; WOR), the works council has the right to promote and protect the interests of employees, while also considering the overall interests of the company. At Nedap, the threshold for informing and escalating issues to the Board of Directors or management is low. Nevertheless, Nedap's management takes its obligation of involving the works council in important decisions in a timely manner seriously. These include decisions regarding organizational changes and large financial decisions.

The Board of Directors has an open line of communication with the works council, resulting in valuable exchanges about both legally mandated issues and other relevant topics.

The works council holds monthly meetings, alternating between consultation meetings with the company's Board of Directors and independent meetings without the Board of Directors' presence. The meeting minutes are published and available to all employees.

The Board of Directors sets the overall agenda. As part of the consultation meetings, the works council brings forward issues raised by employees. During the year, the works council also meets with the Supervisory Board of Nedap N.V. to discuss the strategy of Nedap and evaluate its working relation with the Board of Directors.

Trade unions

Nedap N.V. has its own collective labor agreement (CLA), negotiated and concluded with the trade unions active at Nedap, FNV and De Unie. Every year, these trade unions prepare a proposal for a new CLA. Typically, a new CLA is concluded for one year, beginning on 1 April. The negotiations for a new CLA are conducted between a delegation from management, Human Resources and legal affairs, along with a representative from the relevant union and a Nedap union member. A delegation from the works council attends the negotiations, acting as observers. These discussions culminate in a so-called negotiation result, a document outlining the main points of the new CLA. This negotiation result is then presented to the union members at Nedap. Upon approval, the unions and management sign the CLA, after which it comes into force. Nedap's employees can participate in the process by becoming members of the relevant unions, FNV and De Unie.

Whistleblower policy

Nedap's corporate culture is based on transparency and personal responsibility. We encourage our employees to speak up to prevent or quickly resolve undesirable situations. We recommend employees talk to someone they trust, such as a colleague, team captain or the Compliance Officer, about their concerns. When this is not a viable option, the procedures of the whistleblower policy can be used.

Confidential counsellor

The confidential counsellor is responsible for dealing with sensitive topics, which are any topics that an employee prefers to discuss privately. In many cases, simply talking about such topics provides relief. Examples include integrity violations, sexual harassment, aggression, discrimination and bullying. Nedap has two types of confidential counsellors, confidential counsellors for undesirable behavior (CCU) and confidential counsellors for integrity (CCI).

Engagement surveys

In recent years, we have used annual questionnaires to measure employee engagement, focusing on a different department each year. As a result, each department was surveyed once every three years. Department-specific action plans were developed to follow up on outcomes. We aim to move toward a more continuous form of employee engagement and organizational listening, while further professionalizing our way of working. We are in the process of selecting a new partner to support us in these efforts.

Weekly Board Update

In the Weekly Board Update, a member of the Board of Directors shares their insights, relevant decisions or vision for the future. In addition to this weekly email, we publish recent updates on Nedap's intranet, giving employees a glimpse into the decisions and initiatives shaping our organization. This helps to keep employees up to date on the latest developments and promotes a shared understanding of the direction we are taking together.

We also engaged our employees to collect the necessary insights for developing our DEI policy. In 2024, we conducted a survey among all female employees to gain insights into how they perceive opportunities for growth toward a leadership position.

5.7.3 Remediation of negative impacts and reporting of concerns

Nedap has various mechanisms and channels in place for the workforce to express concerns. We follow up on each report and monitor the effectiveness of these channels to remediate negative impacts.

Our whistleblower policy explains how employees can safely report (the suspicion of) misconduct or irregularities. Employees may report concerns to the Compliance Officer in person or by phone. Alternatively, employees may report concerns in writing via our reporting system IntegrityLog. The IntegrityLog system helps us to register, monitor and follow up on issues raised. We continuously evaluate the effectiveness of the system, with the number of reports submitted providing insight into employee awareness of these channels. Our General Counsel/Head of Compliance is the functional owner of this reporting system. Through the mandatory code of conduct training for all employees in 2024, we raised additional awareness of these channels. In addition, we use the Weekly Board Update to create awareness around this topic. We see an increase in informal notifications from our workforce.

While we encourage employees to report (the suspicion of) misconduct or irregularity internally first, we also provide the option to report concerns directly to a competent external authority, such as the House of Whistleblowers ('Huis voor Klokkenluiders'). We describe the procedure for this in our whistleblower policy.

We are investing in the expansion of training and development opportunities for our workforce. These investments contribute to a work environment where people can reach their potential. In 2024, we invested in our learning management system, the Nedap Learning Platform. The platform makes it easier to access training programs, addressing feedback from employees who experience barriers to working on their development. We evaluate the effectiveness of our training and development offer by asking employees how much time they spent on their development. The Nedap Learning Platform will enhance our insights into how employees make use of our training and development offer moving forward.

5.7.4 Actions to manage our IROs and their effectiveness

Actions on diversity

One of our actions related to our own workforce is focused on achieving gender balance. This is also reflected by our leadership targets on this topic. As mentioned previously, a DEI Lead and DEI Catalysts were recruited to lead initiatives aimed at creating a more welcoming and inclusive workplace. The DEI team will dedicate several hours per week to enhance inclusivity, alongside their regular duties.

The goal of this team is to realize the full value of the talent available at Nedap in the short and medium term. We achieve this by focusing on the inclusion of non-Dutch-speaking colleagues and the progression of female talent into leadership positions. The Women Leaderships Initiatives survey conducted among our entire female staff, which followed in-depth interviews with a select group of women at Nedap, has provided us with the insights we need to better facilitate the development of female talent. This is an example of an initiative within Nedap to formulate targeted actions for achieving our DEI goals, planned for 2025.

Several actions to further shape our work environment are already underway, including the global and regularly held Unconscious Bias, Cultural Intelligence and Ambassadors for Inclusion trainings. These trainings go beyond our focus on gender balance in leadership and address other relevant DEI topics to make our workforce more aware of possible undesirable behavior in their day-to-day work.

In case of an adverse impact on our workforce, we will discuss the matter with the people involved. In the event of a violation of our code of conduct, we will consider disciplinary measures.

Actions on talent development

In addition to the above actions, we have a talent management approach in place that involves more targeted actions related to DEI, focusing on specific roles, teams, departments and/or individuals. Examples include individualized development plans and the recruitment of specific profiles where we identify a gap in the existing potential within our employees.

Within talent management, we pay structural attention to gender with a focus on creating a balanced talent pipeline and realizing the full potential of female talent within Nedap. This focus is an outcome of the interviews conducted by an external HR consultancy firm. Our efforts span the top and upper management roles, as well as roles that feed into these management levels. As part of our talent reviews, we assess the potential of individuals in line with their career aspirations. As part of the succession planning process, we identify key positions and potential successors for the purpose of business continuity.

Leadership reviews take place in August and September. Outcomes of the leadership reviews for key positions are reported to the Supervisory Board in September. Succession planning takes place in October and November, which involves the development of action plans for potential successors of people in key positions.

The talent identification & potential assessment takes place in February and March and involves identifying talents and their potential. Talent identification covers all employees, and outcomes are communicated to the appropriate management level. Team captains then engage in conversations with the employee to create a personal development plan.

These processes are recurring, allowing us to monitor progress toward our ambitions, including our goal to achieve gender balance at various levels within the organization. We also gain insight into the effectiveness of our actions, allowing us to make adjustments as needed.

Developing our employees is both a goal and a necessity for staying relevant in a rapidly evolving world. We send out an annual development survey to our employees, which serves as an important tool for shaping our professional development offer. In 2023, we learned that many employees found it challenging to dedicate time to their development, often due to pressing responsibilities, a lack of time and difficulty finding the appropriate development opportunities. This is one of the reasons we launched our Nedap Learning Platform. We will continue to develop more in-house trainings in the coming years.

A key area of DEI is gender balance. We disclose the gender ratios and our targets related to equality within Supervisory Board, Board of Directors and senior management of the company, and we submit our plans of action to achieve these targets on an annual basis. In doing so, we comply with the Law on Entry Quota and Targets ('Wet Ingroeiquota').

5.7.5 Targets related to managing our IROs

Annually, we report on gender balance and our targets for equality within the top and sub-top of the company and submit our plans of action to achieve these targets. This is in line with the Law on Entry Quota and Targets.

Our Supervisory Board composition adheres to the statutory diversity quota, ensuring at least one-third female and one-third male representation. Our Board of Directors maintains a gender balance, with at least one-third representation of both males and females. Additionally, as stated in our policy, we strive to achieve a target of 27% female representation in senior management by 2028, based on the 2023 percentage. This is in line with the overall gender distribution within Nedap, which serves as the baseline value. Our definition of senior management can be found in subsection 5.10.4 Senior management of section 5.10 Sustainability notes.

Our goal to align female representation in senior management with Nedap's overall gender ratio was originally set for 2025. However, progress has been slower than anticipated. To ensure we achieve this important objective, we are striving toward this goal with a revised timeline of 2028, providing a more realistic and achievable path forward.

We share ambitions, initiatives and progress with the works council, ensuring that we take the employee perspective into consideration. We also share the results and follow-up actions from our engagement surveys with the works council. These surveys include DEI topics such as perceived equality/fairness, sense of belonging/inclusion, support for diversity and awareness on initiatives.

Our ongoing target is for each employee to spend at least 40 hours on development per year, including both personal and professional development. This 40-hour target was set based on a benchmark against similar companies. This target represents our commitment to continuous learning and growth, which are key to staying competitive and resilient. It is also a benchmark and an integral part of Nedap's sustainability policy.

5.7.6 Characteristics of Nedap's employees

During the reporting year, none of Nedap's subsidiaries had more than 50 employees working in their respective country. We have included the numbers for Nedap as a whole based on how our employees are registered in our HR systems. When onboarding an employee, personal information such as date of birth and gender are taken from the identification document presented by the employee. This information is updated only when there is a change to the details on the identification document.

Employees	2024		2023	
	Headcount	FTE	Headcount	FTE
Male	761	741.43	747	725.04
Female	279	256.69	280	251.38
Other	1	0.84	1	0.84
Total	**1,041**	**998.96**	**1,028**	**977.26**

Employees	2024				2023			
Headcount	Male	Female	Other	Total	Male	Female	Other	Total
Total	**761**	**279**	**1**	**1,041**	**747**	**280**	**1**	**1,028**
Permanent employees	683	254	1	938	649	218	1	868
Temporary employees	78	25	-	103	98	62	-	160
Non-guaranteed hours employees	-	-	-	-	-	-	-	-

The number of leavers in 2024 is 112 (2023: 101), resulting in a turnover rate of 10.8% (2023: 10.6%).

All numbers are reported at the end of 2024 and 2023 respectively. All employees who have left Nedap, with a last working day of 31 December, are included in the headcount and FTE numbers. FTE is defined as a full-time equivalent and is based on the number of hours an employee works per week versus the subsidiaries' standard working hours. For most employees this is 38 hours per week.

These numbers link to the average number of employees of note 15 in section 6.1 Consolidated financial statements.

5.7.7 Characteristics of non-employees in Nedap's own workforce

Non-employees	2024	2023
Secondment	20	47
Self employed	50	54
Students (interns/graduation)	28	22
Temporary employments	27	8
Total	**125**	**131**

The number of non-employees is measured by headcount and represents the number of non-employees at the end of the year. All non-employees are registered in our HR systems. This provides insight into the flexible layer of our workforce and helps us to maintain a balance between employees and non-employees.

5.7.8 Diversity metrics

The table below shows the composition of senior management by gender.

Employees	2024		2023	
	Headcount	%	Headcount	%
Male	13	87%	14	82%
Female	2	13%	3	18%
Other	-	0%	-	0%
Total	**15**	**100%**	**17**	**100%**

We apply our own definition of senior management as stated in subsection 5.10.4 Senior management of section 5.10 Sustainability notes.

The age distribution of our employees is as follows:

Employees	2024	2023
	Headcount	Headcount
0-29	161	203
30-39	419	371
40-49	225	218
50-59	164	165
60 and up	72	71
Total	**1,041**	**1,028**

5.7.9 Training and development

At Nedap, we do not track and register training hours or performance reviews in our systems, as this does not fit our culture. We also maintain a broad definition of professional development, which in addition to formal training includes activities such as visiting conferences, watching webinars and engaging in self-education. For this reason, we ask our employees to self-report their development hours and indicate whether they underwent any development or performance review.

In the last quarter of 2024, we sent out the annual development survey. In this survey, we asked our employees to indicate the number of hours they spent on their own development in 2024, and whether they had at least one performance or career development review with their team captain or an employee from HR.

Based on responses from 547 employees (53%), the following survey results were obtained.

Employees		Performance/career development review			Average of development hours
	Respondents	# respondents with PR	%	# reviews per person (at least 1 per year)	Per respondent
Male	385	313	81%	1.53	43
Female	146	126	86%	1.61	33
Other	16	15	94%	1.44	33
Total	**547**	**454**	**83%**	**1.55**	**40**

The table above presents gender data based on employees' self-identification, as reported in the annual professional development survey. Because we anonymized the survey, these figures differ slightly from the official genders data in our HR systems.

5.8 Consumers and end-users

A growing part of our business model is providing our customers with SaaS solutions to support them in optimizing their core business operations. Due to the expansion of our SaaS portfolio, we process more and more sensitive data every day. For example, within the key market Healthcare, this is highly sensitive information concerning our customers' clients and caregivers. Within the key market Security, this is security information of the end-users, primarily members of the organizations who use our security solutions. For this reason, we need to maintain a high level of information security to prevent widespread impact on our end-users, whose data we process within our solutions. Failing to comply with high information security standards not only poses a risk of regulatory fines, but also of reputational damage for Nedap as a whole, as we depend on our end-users to trust the security of our solutions.

5.8.1 Policies related to consumers and end-users

Privacy and data security are considered human rights under the United Nations Guiding Principles on Business and Human Rights. Protecting the human rights of our customers and end-users is a core aspect of our business operations. As disclosed in section 5.7 Own workforce, respecting human rights is embedded in the Nedap code of conduct, as well as our Human Rights policy. We also embedded compliance management on privacy and data security as a key element of the Nedap Compliance Framework.

Additionally, Nedap's Privacy Policy, outlines how General Data Protection Regulation (GDPR) principles are applied when processing any personal data, with a focus on safeguarding individuals' rights and addressing and remediating any potential impacts on privacy. The implementation of the Privacy Policy was completed in 2024. We have published the full policy on our internal website, and a relevant summary as the privacy statement on the website. Each business unit has a designated privacy officer who is trained and serves as the primary contact for privacy-related matters. On an international scale, Nedap is expanding its privacy framework, planned to be finished in 2025, with a General Privacy Officer overseeing privacy risks across the organization. A Data Protection Officer (registered with the Dutch Data Protection Authority) supervises Nedap's privacy compliance, with ultimate responsibility resting with the Board of Directors.

Nedap's Information Security Policy outlines our commitment to safeguarding information by balancing security and availability, prioritizing security when necessary. It establishes governance through the Board of Directors and a Security Committee, defines roles and responsibilities, and aligns controls with ISO 27001 standards. The policy covers risk management, asset protection, access controls, network security, employee training and incident response, ensuring compliance with legal and contractual requirements. It emphasizes security across the upstream and downstream value chain, requiring suppliers and partners to adhere to security standards, protect data and mitigate risks associated with third-party access and outsourced development. The Nedap N.V. Information Security Policy is available on our intranet Spark.

Both policies describe how customers and end-users can contact us regarding data security and privacy matters, which is further detailed in the next subsection.

5.8.2 Processes for engagement

Nedap has established general privacy and security incident response procedures. Incident reports by end-users, either directly or via business partners, are registered, followed up on by relevant teams and resolved according to internal protocols. A root cause analysis is a mandatory part of this process from an information security perspective. Depending on the nature of the incident, the information is communicated back to the individual or party that submitted the incident report. In some cases, communication with a broader group of stakeholders may be required. The Board of Directors is ultimately responsible for ensuring the correct actions are taken.

The Nedap Privacy Policy emphasizes the protection of individuals' rights and freedoms while managing potential privacy impacts. Several processes support this effort, including privacy assessments that ensure personal data is handled appropriately in both internal and external tools used by Nedap. Data processing activities are recorded in the company’s data processing register, and data protection impact assessments (DPIAs) are conducted where applicable.

Any data breaches are managed in accordance with Nedap's Incident Response Plan. Data processing agreements (DPAs) include provisions for reporting breaches and other concerns.

Feedback and input from stakeholders such as business partners and customers are received through various channels, including formal communication channels and informal interactions with Support, TechOps, Customer Success and Product Management.

In the event of a critical security incident, Nedap may issue a press release to inform stakeholders.

Coordinated vulnerability disclosure (CVD) has been implemented for the Healthcare and Retail business units. The implementation of CVD for the Livestock and Security business units is in progress and scheduled to be completed in 2025. CVD acts as a framework for the responsible handling of security risks across our software products. It covers risk identification, incident response, stakeholder engagement and compliance with ISO 27001. It ensures that vulnerabilities are assessed, mitigated and transparently reported. By integrating CVD, Nedap enhances cybersecurity resilience, regulatory compliance and trust across its ecosystem.

5.8.3 Remediating negative impacts and raising of concerns

We have various processes in place through which we aim to remediate any negative impacts to customers. Incident Response Plans are in place for handling data breaches and other incidents, and these plans are reviewed periodically. For privacy-related issues, general channels such as privacy@nedap.com (accessible at nedap.com/privacy) allow individuals to raise concerns.

When Nedap acts as a data processor, customers can contact the privacy officer of the relevant business unit, following the terms outlined in the DPA. The DPA also specifies procedures for customers to report data breaches.

Each business unit has communication portals for raising concerns, and data breaches are managed internally according to the Incident Response Plan. All significant data breaches are reported to the specific privacy officer, as well as to the General Privacy Officer, who logs them in the general Incident Register.

Nedap actively uses and continuously monitors channels available for customers to contact the company. In doing so, Nedap aims to ensure that appropriate follow-up actions are negative impacts are remediated. We determine the effectiveness of these channels by assessing the number of reports submitted and actions taken in response to those reports.

Additionally, Nedap has a whistleblower policy to protect any person who raises a concern.

Nedap has a crisis communication plan that is activated in the event of an incident or crisis that could negatively impact consumers or end-users. This plan includes information regarding the remediation of such incidents.

For general information security concerns, info@nedap.com is used as a contact point. Incidents are handled according to the relevant incident response plans, while vulnerabilities are addressed through the respective vulnerability response plans. Each business unit maintains its own incident response plan and incident register.

Depending on the nature of the security issue, national laws such as the Security of Network and Information Systems Act ('Wet beveiliging netwerk- en informatiesystemen'; Wbni) or the Cyber Security Act ('Cyberbeveiligingswet'; CBW) may require Nedap to notify the appropriate supervisory authorities, such as the Dutch Authority for Digital Infrastructure ('Rijksinspectie Digitale Infrastructuur'; RDI).

Each year, we receive both privacy- and security-related reports through our formal and informal channels. This leads us to conclude that customers and end-users are aware of and trust our processes, and that our processes to raise concerns are effective.

5.8.4 Actions in relation to IROs

The actions to manage privacy and security impacts, originating from our policies, with which we aim to prevent incidents is an ongoing process at Nedap. By maintaining a continuous focus on privacy and security, we minimize the likelihood of vital or critical incidents occurring. Nedap has established a privacy organization to ensure that the privacy of data subjects, including all consumers and end-users whose data we process, is protected. This is detailed in the Privacy Policy.

Nedap's privacy officers hold regular meetings to share knowledge and discuss developments, incidents and projects, all aimed at protecting consumers and end-users. Progress on reported incidents is monitored during these meetings, and relevant updates in legislation are discussed within the compliance framework. Nedap uses learnings from incidents to improve processes and assess their effectiveness.

To ensure compliance, Nedap drafts DPAs, conducts privacy assessments for new tools, products and services, and enforces data subject rights. The privacy officers participate in events, such as seminars and webinars, to stay informed about the latest developments in privacy legislation and technology.

Nedap's Privacy Policy and its related processes undergo an annual review by the General Privacy Officer to ensure they remain current and effective. This review includes updates based on changes in legislation, insights and best practices.

Each business unit has an incident response plan outlining responsibilities and processes, as defined in the Standard Operating Procedures (SOP). These plans focus on follow-up, remediation and prevention of negative impacts. We are exploring the option of combining the different SOPs into one Nedap-wide SOP.

ISO 27001 certifications and other security-related certifications highlight Nedap's ongoing actions to maintain security standards and its intention to keep its ISO 27001 certification.

Nedap has a Security Committee, and progress is regularly discussed during security officers' meetings. Security officers use insights from these meetings and incident reviews to improve processes. The company also continuously participates in various industry and government initiatives, such as membership in the Cyber Resilience Center Brainport ('Weerbaarheidscentrum Brainport'; CWB) and the National Cyber Security Center ('Nationaal Cyber Security Centrum'; NCSC), to stay up to date on data security issues. These actions contribute to achieving the targets in the policy.

As with privacy, Nedap's Information Security Policy is reviewed annually by the Information Security Officer to ensure it remains relevant and effective, incorporating updates based on new legislation and best practices.

Each business unit has an Information Security Officer.

5.8.5 Targets and metrics related to managing IROs

At Nedap, we encourage people to report all privacy and security incidents, no matter the size. All reported incidents are registered as data leaks in the incident log and are subsequently classified based on size and exposure. Size represents the number of applications or parties involved, and exposure is the number of business units or legal entities affected. Based on the incident’s size and exposure, we assign an escalation level of vital (endangering the continuity of Nedap), critical (severe damage to Nedap) or regular. Please refer to subsection 5.10.5 Incident classification of section 5.10 Sustainability notes for more detailed information about the incident classification.

Both policies are focused on minimizing the impact, so Nedap's continuous target is no vital or critical incidents. We analyze all incidents, even minor ones, so that we can learn from them and take action to prevent recurrence. To encourage the reporting of all incidents, we regularly discuss privacy and security impacts and risks with our stakeholders. It is proven that implementing security strategies and continuously monitoring of privacy risks brings down the risk of breaches and compliance violations.

In 2024, there were no critical or vital incidents (2023: 0 and 0).

There were no instances of privacy and data security-related human rights violations reported in 2024.

5.9 Business conduct

Nedap is committed to fostering a corporate culture that aligns with its values of integrity, responsibility, respect and professionalism, as outlined in its code of conduct. To foster this culture and address business conduct matters, Nedap has implemented a range of policies and practices that ensure compliance with ethical standards and legal requirements.

Our corporate culture also promotes open communication and trust in the value chain. Our ambition to create a collaborative and empowering work environment, where every voice is heard and decisions are made with integrity, extends to our entire value chain. We are dedicated to preserving good relationships with parties in our supply chain. We also audit our key suppliers to ensure their continued compliance with environmental and social legislation, and alignment with our norms and values. We seek to uphold our culture in order to avoid negative impacts to people involved and to preserve valued relationships in the value chain.

5.9.1 Corporate culture and business conduct

Corporate culture and business conduct policies

Nedap's code of conduct, is at the core of its corporate culture, which emphasizes transparency, personal responsibility and adherence to ethical principles. The code of conduct applies to all individuals involved in or associated with our company. All employees working for Nedap, including subsidiaries, are required to complete a mandatory training on the code of conduct within a specified number of days after joining the company. This training is delivered digitally through our Learning and Development platform and must be repeated every three years, with the system ensuring compliance through tracking, reminders and a procedure for escalating non-compliance to team captains.

In addition to the general code of conduct training, the Legal team conducts specialized sessions focusing on key areas of business conduct, including anti-bribery and anti-corruption, compliance and the company’s whistleblower policy. These training sessions are provided every other year to business units and significant teams to ensure that employees remain well-informed and equipped to uphold the company’s ethical standards.

Reporting mechanisms

At Nedap, employees are encouraged to speak up and challenge individuals whose conduct falls short of the company’s ethical standards. Non-compliance with the code of conduct can have serious repercussions for both individuals and the organization, and as such, Nedap places a strong emphasis on enforcing its ethical principles to prevent harm to stakeholders.

To support this, Nedap has established mechanisms for reporting and investigating misconduct promptly, independently and objectively. Employees are encouraged to address issues directly with colleagues when possible. However, if this is not feasible, they can report concerns to various individuals within the company, including team captains, business unit leaders, confidential counselors or members of the Board of Directors. In cases involving misconduct by a member of the Board of Directors, reports can be escalated to the chair of the Supervisory Board. Nedap also has a whistleblower policy, which is published on the website. This policy ensures that current and former employees, as well as external partners, have a secure and confidential avenue for reporting any (suspicions of) misconduct within the organization. The mechanisms to protect whistleblowers are covered by the policy as well.

Additionally, any irregularities involving share trading or price-sensitive information must be reported to the insider trading compliance officer.

5.9.2 Management of relationships with suppliers

Nedap's supply chain consists of a diverse range of suppliers, categorized into strategic, key and other suppliers. Procurement is carried out both by the procurement team and independently by the various business units. Strategic suppliers are the electronics manufacturing services (EMS) partners to which electronic hardware of Nedap products, or parts thereof, have been outsourced. Key suppliers are critical partners that provide essential components, materials or services that are critical for Nedap and/or suppliers, with a yearly direct spend with Nedap exceeding €500,000.

Specific management processes apply to strategic and key suppliers due to their significant impact and/or relevance. For all other suppliers, the General Purchase Conditions of Nedap serve as the default terms for all purchasing agreements. However, business units may, at their discretion, opt to deviate from these conditions. At minimum, the code of conduct of Nedap applies to all purchase agreements that are concluded based on the General Purchase Conditions of Nedap 2024.

Due diligence

We conduct due diligence checks to ensure the responsible selection of suppliers. The due diligence assessment is an essential part of the qualification process of every potential new strategic or key supplier. The criteria are based on expected corporate social responsibility (CSR) behaviors, compliance with the code of conduct and Nedap's (sustainability) goals. This qualification process is managed by the appointed Corporate Team specialist within the procurement team. The Corporate Team specialist is supported by the relevant field specialist(s) from the involved business unit(s). A potential new strategic or key supplier can only be formally contracted after meeting the minimal requirements, as set during the qualification process.

For other potential new suppliers, the qualification process is limited to capabilities that Nedap deems necessary. The capabilities are decided by members of the Corporate Team or the operational management of the business unit(s).

Management of strategic and key suppliers

Strategic and key suppliers have a significant impact on Nedap's supply chain performance, particularly in relation to hardware. Therefore, we take a proactive and comprehensive approach to addressing, controlling and monitoring our suppliers' performance on CSR topics.

Strategic suppliers

The Agreement of Strategic Suppliers incorporates a structured system for monitoring and evaluating the ESG performance of strategic suppliers. This system is designed in alignment with the Quality Assurance Agreement contract document and contains clear and mutually agreed upon key performance indicators (KPIs) on ESG topics for strategic suppliers. KPIs are monitored, addressed and reported by suppliers on a quarterly basis to ensure ongoing compliance.

The KPI system is in place to ensure the actions of the strategic suppliers are not only economically driven, but also focus on sustainable and socially responsible practices. This approach reflects the CSR principles and makes sure the code of conduct of Nedap is respected. It allows Nedap to track and understand how primary suppliers are progressing in terms of their commitment to CSR.

Key suppliers

Key suppliers vary in their nature and impact. Some may produce a small but highly specialized part or product specifically for Nedap, while others supply bulk products tailored to Nedap's needs. Consequently, the ESG impact of key suppliers differs.

Key suppliers with a significant impact on ESG topics follow a process similar to that of strategic suppliers, with mutually agreed upon KPIs that are monitored and reported annually.

Key suppliers with a low impact on ESG topics undergo the previously mentioned qualification assessment and are subject to periodic evaluations. If there are indications or concerns that a supplier is not meeting Nedap's standards or is failing to align with the requirements outlined in Nedap's code of conduct, members of the Corporate Team and operational management of the relevant business unit(s), and, where possible, the supplier, will discuss appropriate corrective actions.

Audit

We have implemented an audit program to ensure that strategic and key suppliers comply with the established requirements. The procurement team conducts audits of these suppliers in line with the Procurement Guidance Audits document. This means that CSR-related topics are audited in alignment with the set KPIs. In addition, a CSR audit can be done upon request. Our audit program ensures that all suppliers are reviewed at least once per three-year cycle.

Each audit is concluded with a formal audit report, which includes a checklist of findings and a timeline for addressing any issues identified.

5.10 Sustainability notes

The following notes provide additional context and clarification regarding the data and information presented in the sustainability statement. They include definitions, methodologies, scoring criteria, and references to ensure transparency and alignment with the European Sustainability Reporting Standards (ESRS).

5.10.1 Scoring criteria for IROs

Negative impact assessment

Negative impact is defined as the impairment of, damage to, or the ability to cause impairment of or damage to the economy, environment and people through business activities. Negative impacts cannot be offset by positive impacts.

The negative impact is scored based on five variables:

1. **Actual or potential:**
   Whether the impact is already present or could potentially happen in future situations.
2. **Severity – Scale:**
   How grave the negative impact is for people or the environment. Ranging from minimal (1) to absolute (5).
3. **Severity – Scope:**
   How widespread the impact is. The number of individuals affected or geographical distribution. Ranging from limited (1) to total (5).
4. **Severity – Remediability:**
   Whether and to what extent the negative impacts could be remediated (restoring the environment or affected people to their prior state). Ranging from very easy to remedy (1), to non-remediable / irreversible (5).
5. **Likelihood:**
   How likely it is that this impact will occur. Ranging from rare (1) to (almost) certain (5). Actual impact is set to score '(almost) certain (5)'.

Positive impact assessment

Positive impact is defined as Nedap's contribution to sustainable development through its activities (i.e., products and services) with a positive effect on economy, environment and people.

The positive impact is scored based on four variables:

1. **Actual/potential:**
   Whether the impact is already present, or potential for in future situations/ unsure.
2. **Severity – Scale:**
   How beneficial the positive impact is for people or the environment. Ranging from minimal (1) to absolute (5).
3. **Severity – Scope:**
   How widespread the impact is, e.g., the number individuals affected or geographical distribution. Ranging from limited (1) to total (5).
4. **Likelihood of impact:**
   How likely it is that this positive impact will occur. Ranging from rare (1) to (almost) certain (5). Actual impact is set to score '(almost) certain (5)'.

Financial risk assessment

Financial risk is defined as the sustainability-related financial risks arising from environmental, social or governance matters that may negatively affect Nedap's financial position, financial performance, cash flows, access to finance or cost of capital in the short, medium or long term.

Financial risk is scored based on four variables:

1. **Financial risk:**
   Effects from risks that influence Nedap's cash flow, financial position and financial performance over the short, medium or long term. One of two scores are assigned, namely (1) immaterial (collective financial effects less than 1 million euros in one year) and (5) material (collective financial effects more than 1 million euros in one year).
2. **Reputational risk:**
   The sense that an event can cause reputational damage. Ranging from low (1) to high (5).
3. **Regulatory risk:**
   The sense that an event can cause regulatory consequences. Ranging from low (1) to high (5).
4. **Likelihood:**
   How likely it is that this risk will occur. Ranging from rare (1) to (almost) certain (5). Actual impact is set to score '(almost) certain (5)'.

Financial opportunities assessment

Financial opportunities are defined as uncertain environmental, social or governance events or conditions that, if they occur, could cause a potential material positive effect on Nedap's business model, strategy, its capability to achieve its goals and targets and to create value, and therefore may influence Nedap's decisions and those of its business relationship partners with regards to sustainability matters. Like any other opportunity, sustainability-related opportunities are measured as a combination of an impact's magnitude and the probability of occurrence.

Financial opportunity is scored based on two variables:

1. **Financial opportunity:**
   The magnitude of the perceived effect on Nedap's cash flow, financial position and financial performance over the short, medium or long term.
   - Low (1): less than 0.1 million euros.
   - Medium low (2): between 0.1 and 1 million euros.
   - Medium (3): between 1 and 2.5 million euros.
   - Medium high (4): between 2.5 and 10 million euros.
   - High (5): more than 10 million euros.

2. **Likelihood:**
   How likely it is that this opportunity will occur. Ranging from rare (1) to (almost) certain (5). Actual impact is set to score '(almost) certain (5)'.

5.10.2 References

DR	Description	Reference	Explanation
ESRS 2 - General disclosures			
BP-1	General basis for preparation of sustainability statement	5.1.1 General basis for preparation of the sustainability statement	
BP-2	Disclosures in relation to specific circumstances	5.1.2 Disclosures in relation to specific circumstances 5.1.3 Disclosures incorporated by reference	
GOV-1	The role of the administrative, management and supervisory bodies	5.4.1 The role of the administrative, management and supervisory bodies	
GOV-2	Information provided to, and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies	5.4.2 Sustainability information and governance within leadership	
GOV-3	Integration of sustainability-related performance in incentive schemes	5.4.3 Integration of sustainability-related performance in incentive schemes	
GOV-4	Statement on due diligence	5.4.4 Statement on due diligence	
GOV-5	Risk management and internal controls over sustainability reporting	5.4.5 Risk management and internal controls over sustainability reporting	
SBM-1	Strategy, business model and value chain	5.2.1 Nedap's business model and value chain	
SBM-2	Interests and views of stakeholders	5.2.2 Nedap's engagement with stakeholders	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	5.3.2 Material impacts, risks and opportunities	
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	5.3.1 Double materiality assessment process	
IRO-2	Disclosure requirements in ESRS covered by the undertaking’s sustainability statement	5.3.3 List of disclosure requirements	
ESRS E1 - Climate Change			
ESRS 2 GOV-3	Integration of climate-related performance in incentive schemes	5.4.3 Integration of sustainability-related performance in incentive schemes	
E1-1	Transition plan for climate change mitigation	5.5.1 Transition plan for climate change mitigation	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	5.3.2 Material impacts, risks and opportunities	
ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	5.3.1 Double materiality assessment process	
E1-2	Policies related to climate change mitigation and adaptation	5.5.2 Policies related to climate change mitigation	
E1-3	Actions and resources in relation to climate change policies	5.5.3 Actions and resources in relation to climate change policies	
E1-4	Targets related to climate change mitigation and adaptation	5.5.4 Targets related to climate change mitigation	
E1-5	Energy consumption and mix	5.5.5 Energy consumption and mix	
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	5.5.6 Gross Scopes 1, 2, 3 and total GHG emissions	
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	-	Not material
E1-8	Internal carbon pricing	-	Not material
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	-	Phased-in option used in line with ESRS 1 Appendix C: List of phased-in disclosure requirements.
ESRS E5 - Resource use and circular economy			
ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	5.3.1 Double materiality assessment process	
E5-1	Policies related to resource use and circular economy	5.6.1 Policies related to the circular economy	
E5-2	Actions and resources related to resource use and circular economy	5.6.2 Actions and resources related to the circular economy	
E5-3	Targets related to resource use and circular economy	5.6.3 Targets related to the circular economy	
E5-4	Resource inflows	-	Not material
E5-5	Resource outflows	5.6.4 Resource outflows	Metrics regarding waste are not material
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	-	Phased-in option used in line with ESRS 1 Appendix C: List of phased-in disclosure requirements.

DR	Description	Reference	Explanation
ESRS S1 - Own workforce			
ESRS 2 SBM-2	Interests and views of stakeholders	5.2.2 Nedap's engagement with stakeholders	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	5.3.2 Material impacts, risks and opportunities	
S1-1	Policies related to own workforce	5.7.1 Policies related to own workforce	
S1-2	Processes for engaging with own workers and workers' representatives about impacts	5.7.2 Processes for engaging with own workforce	
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	5.7.3 Remediation of negative impacts and reporting of concerns	
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	5.7.4 Actions to manage our IROs and their effectiveness	
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	5.7.5 Targets related to managing our IROs	
S1-6	Characteristics of the undertaking's employees	5.7.6 Characteristics of Nedap's employees	
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	5.7.7 Characteristics of non-employees in Nedap's own workforce	
S1-8	Collective bargaining coverage and social dialogue	-	Not material
S1-9	Diversity metrics	5.7.8 Diversity metrics	
S1-10	Adequate wages	-	Not material
S1-11	Social protection	-	Not material
S1-12	Persons with disabilities	-	Not material
S1-13	Training and skills development metrics	5.7.9 Training and development	
S1-14	Health and safety metrics	-	Not material
S1-15	Work-life balance metrics	-	Not material
S1-16	Compensation metrics and pay gap and total compensation	-	Not material
S1-17	Incidents, complaints and severe human rights impacts	-	Not material
ESRS S4 - Consumers and end-users			
ESRS 2 SBM-2	Interests and views of stakeholders	5.2.2 Nedap's engagement with stakeholders	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	5.3.2 Material impacts, risks and opportunities	
S4-1	Policies related to consumers and end-users	5.8.1 Policies related to consumers and end-users	
S4-2	Processes for engaging with consumers and end-users about impacts	5.8.2 Processes for engagement	
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	5.8.3 Remediating negative impacts and raising of concerns	
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions	5.8.4 Actions in relation to IROs	
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	5.8.5 Targets and metrics related to managing IROs	
ESRS G1 - Business conduct			
ESRS 2 GOV-1	The role of the administrative, supervisory and management bodies	5.4.1 The role of the administrative, management and supervisory bodies	
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	5.3.1 Double materiality assessment process	
G1-1	Corporate culture and business conduct policies and corporate culture	5.9.1 Corporate culture and business conduct	
G1-2	Management of relationships with suppliers	5.9.2 Management of relationships with suppliers	
G1-3	Prevention and detection of corruption or bribery	-	Not material
G1-4	Confirmed incidents of corruption or bribery	-	Not material
G1-5	Political influence and lobbying activities	-	Not material
G1-6	Payment practices	-	Not material

The data points deriving from other EU legislation (as per ESRS 2, Appendix B) not included in our Sustainability statement (i.e., E2-4, E3-1, E3-4, E4-2, S2-1, S2-4, S3-1, S3-4) are not material.

5.10.3 GHG emissions metrics

Scope 1

The scope and company boundaries for Scope 1 are all direct GHG emissions from sources that are owned and controlled by Nedap. All GHG emissions from Scope 1 are calculated using our GHG calculation tool, where the activity data is multiplied by the appropriate GHG emission factor (EF). For Scope 1 combustion, EFs are used that only include the GHG emissions that occur from the combustion of the fuel (tank-to-wheel; TTW). We prioritize the use of market-based EFs or EFs published by the countries in which Nedap operates. If a country does not provide specific EFs, we turn to alternative sources to obtain suitable factors. EFs for refrigerants are based on the published GHG emissions for the (mixture of) the leaked gas.

Stationary combustion

This Scope 1 category includes all fuel combustion in stationary equipment, such as boilers, heaters and engines. Specifically, it covers the consumption of natural gas for heating our buildings.
Additionally, this category includes electricity generation from our solar panels, provided that the electricity is consumed on site and does not first feed into the grid. All activity data in this subsection is gathered through an overview provided by the supplier or the invoices itself.

The activity data included is:
- Total consumption of natural gas per entity.
- Total electricity generated by own solar panels and consumed on site.

Mobile combustion

This paragraph includes all mobile combustion from vehicles owned and controlled by Nedap. GHG emissions from electric vehicles are accounted for in Scope 2. The activity data is based on actual data received on the amount of fuel consumed in the reporting year. If Nedap subsidiaries do not have actual data, GHG emissions will be estimated based on kilometers driven, the type of fuel and the vehicle's fuel efficiency. Default values from credible sources such as national databases will be used.

The activity data included is:
- Total fuel consumption from gasoline-fueled cars.
- Total fuel consumption from diesel-fueled cars.

Leakage of refrigerants

This category includes all GHG emissions that arise from leakage of refrigerants in cooling equipment from our air conditioning systems. The activity data is gathered from the external parties responsible for maintaining our air conditioning systems.

The activity data included is:
- Total amount of refrigerant leakage per type of refrigerant.

Scope 2 calculations

Scope 2 GHG emissions are indirect GHG emissions resulting from the generation of purchased electricity, heating, steam and cooling. For Nedap, this means we account for the electricity used for our buildings, owned hardware in data centers, and owned or leased electric vehicles. Additionally, we account for the gas consumption at Nedap Germany. While we do not have direct control over the gas meter, we still consume the heat it generates.
All Scope 2 GHG emissions are calculated by multiplying the activity data with the appropriate EF. EFs are used that only include the GHG emissions that occur from the combustion of the fuel (tank-to-wheel; TTW). We prioritize the use of market-based EFs or EFs published by the countries in which Nedap operates. If a country does not provide specific EFs, we turn to alternative sources to obtain suitable factors. We distinguish between market-based and location-based GHG emissions calculations.

Market-based approach

Under the market-based approach, EFs are sourced from our suppliers and must meet the Scope 2 quality criteria. If supplier-specific factors are unavailable, location-based grid-average EFs are used.
GHG emissions are then calculated by multiplying the consumed electricity by the supplier-specific EF.

Location-based approach

The location-based approach utilizes country-specific EFs, focusing on grid-average GHG emissions that are beyond corporate control. For each of our geographic locations, we collect the appropriate grid GHG emission factor to accurately calculate location-based GHG emissions. GHG emissions are calculated by multiplying the consumed electricity by the grid-average EF corresponding to each specific geographic location.

The activity data included is:

- Purchased electricity consumption.
- Electricity consumed by data centers.
- Purchased electricity for vehicles outside of the charging stations at Nedap.
- Consumption of natural gas from Nedap Germany.

The activity data used is preferably based on electricity data from our supplier. When direct electricity consumption data is unavailable, we ask the landlords for an estimation of our contribution to the building's consumption. When both are not available, we will estimate GHG emissions using the following parameters: the size of the office (m^2), the number of days employees are present and standardized energy consumption based on local energy consumption.

Scope 3 calculations

To simplify Nedap's supply chain, we have distinguished between GHG emissions from product-related and non-product-related activities. Product-related GHG emissions derive from activities involving our sold products, while everything else is categorized as non-product-related GHG emissions. Within our Scope 3 GHG emissions, product-related activities are a significant contributor, with the use phase of our products being the most material category in terms of total GHG emissions. The use phase is calculated on an individual product basis, as well as the downstream transportation GHG emissions, while other product-related categories (the manufacturing process that leads to the product purchases, as well as upstream transportation) are assessed through a portfolio life cycle assessment (LCA). Non-product-related GHG emissions are calculated either based on activity data (GHG calculation tool) or using a spend-based method, with adjustments made for inflation where applicable.

The process of calculating the GHG emissions from product-related activities, which are calculated using a portfolio LCA approach, begins with selecting representative products within each business unit, based on their GHG emissions characteristics, to estimate the total GHG emissions associated with all items sold during the reporting year. By clustering products according to attributes such as material composition, weight and manufacturing processes, we ensure that the selected representative products accurately reflect the overall portfolio. The calculation then proceeds with a detailed LCA for each representative product. GHG emissions data is aggregated at the portfolio level by combining the GHG emissions of both representative and derivative products, multiplied by the total number of items sold, considering the weight ratio of the derivative product with respect to the representative product. This method provides a comprehensive view of the GHG emissions associated with our sold products. As we refine our portfolio analysis over time, particularly by increasing the number of representative products, this approach allows for continuous improvement in the accuracy of our GHG emissions reporting. To ensure accuracy and relevance, the LCAs are conducted using the most up-to-date version of the Ecoinvent database and the IPCC 2021 Life Cycle Impact Assessment Method (LCIAM).

The table below offers an overview of the Scope 3 categories, indicating whether they are applicable to Nedap, product-related or not product-related, and the method used for calculating GHG emissions.

Scope 3 category	Activities related to	Calculation
1: Purchased goods (product-related)	Product	LCA
1: Purchased goods and services	Non-product	Spend-based
2: Capital goods	Non-product	Spend-based
3: Fuel and energy	Non-product	GHG calculation tool
4: Upstream transportation and distribution	Product	LCA
5: Waste generated in operation	Non-product	GHG calculation tool
6: Business travel	Non-product	GHG calculation tool
7: Employee	Non-product	GHG calculation tool
8: Upstream leased assets	Not applicable to Nedap	
9: Downstream transportation and distribution	Product	Individual products
10: Processing of sold products	Not applicable to Nedap	
11: Use of sold products	Product	Individual products
12: End-of-life	Product	LCA
13: Downstream leased assets	Not applicable to Nedap	
14: Franchises	Not applicable to Nedap	
15: Investments	Not applicable to Nedap	

Category 1: Purchased goods and services

This category includes GHG emissions from all purchased goods and services not otherwise covered by other upstream Scope 3 categories (i.e., categories 2 through 8). To provide a clear breakdown of what is included in this category, we distinguish between product-related purchases, and services and non-production-related products.

Product-related purchases
This category includes all GHG emissions from purchased components and materials used in the production of our sold products. This part is covered by the LCA calculations.
This paragraph of the portfolio LCA includes all GHG emissions from the production phase of the components used in our sold products. The analysis also accounts for GHG emissions from transportation services beyond Tier 1 (e.g., Tier 2, Tier 3) within market activities. Transportation from Tier 1 to Nedap is excluded from this paragraph and will be disclosed in Category 4. The GHG emissions data derived from these representative products are scaled according to the weight ratio between the representative products and their derivative counterparts.

For externally procured products, we applied the portfolio LCA approach as described above, using the product's weights relative to the reference product to determine the Category 1 emissions. For the products we produce ourselves, we determined the most valuable component in the product's Bill of Material (BOM) and used the purchases of that item in the reporting year to represent the full end-product. Like other purchased products, this was then offset against the reference product. Assumptions and limitations specific to individual representative products are detailed in the corresponding LCA document.

Purchased services and non-production-related products
This category includes all purchased services not included in other categories and all products purchased that are not categorized as fixed assets (Category 2: Capital goods) and are not related to the sold products. All GHG emissions are calculated using the spend-based method.

The activity data used is the total amount spent on purchased good and services, by product type, as derived from our financial ledger. This amount is multiplied by the EFs, which are cradle-to-gate EFs of the purchased goods or services, expressed in kg CO_2e per EUR, derived from Exciobase. These EFs are corrected for inflation, as the EFs were published in 2019.

Category 2: Capital goods
This category includes all upstream (i.e., cradle-to-gate) GHG emissions from the production of capital goods purchased or acquired by Nedap in the reporting year. GHG emissions from the use of capital goods by the reporting company are accounted for in either Scope 1 or 2. The total spend on capital goods by category is then multiplied by representative cradle-to-gate EFs derived from Exciobase. These EFs are corrected for inflation, as the EFs were published in 2019.

Category 3: Fuel- and energy-related activities (not included in Scope 1 or 2)
The activity data for this category will be derived from the same data collected for Scope 1 and 2 GHG emissions. An EF that excludes combustion-related GHG emissions will be applied. Where possible, well-to-tank (WTT) factors will be sourced from the same dataset as Scope 1 and 2 to maintain consistency.
In addition, next to the data center GHG emissions from the energy used, the additional energy required to cool and operate the data centers, calculated based on the power usage effectiveness (PUE) of each data center, is included. GHG emissions data are sourced based on the published EFs of the country where the emissions took place or, if unknown, the WTT factors published by the UK government.

Category 4: Upstream transportation and distribution

Upstream transportation and distribution are product-related activities; therefore, the GHG emissions are calculated through the portfolio LCA. GHG emissions from upstream transportation and distribution are calculated by focusing on the transport of goods between Tier 1 suppliers and the warehouses from where the products are shipped downstream. The transport modes considered include aggregated values of varying GHG emission class and size class trucks, as well as sea and air freight. These GHG emissions are categorized separately from other upstream transportation activities, which are included in market activities of purchased services (Scope 3, Category 1 - Purchased goods and services). The GHG emissions data for transportation between Tier 1 suppliers and our warehouse, derived from these representative products, is then extrapolated based on the weight ratio to estimate the GHG emissions for the derivative products. As previously stated, due to the complexity and time-consuming nature of tracking GHG emissions for all purchased items, our focus is on calculating GHG emissions based on the components of products that have been sold. Assumptions and limitations specific to individual representative products are detailed in the corresponding LCA document.

Category 5: Waste generated in operations

This category describes the GHG emissions from the treatment of waste generated by Nedap's operations and includes both waste from our owned buildings and leased offices. As input, we use the total mass of the waste generated and the proportion of waste treated by different methods (e.g., landfill, incineration, recycling). The EFs used are closed-loop waste disposal emission factors published by the UK government.
Where applicable, we utilize data provided by our waste processor. For Nedap N.V., this data is readily available, including detailed information on waste processing methods. For Nedap subsidiaries where this data is unavailable, we estimate waste generation based on factors such as average days spent in the office, number of employees and national average office waste generation figures.
The GHG emissions that arise from waste generated in our operations are calculated using our GHG calculation tool.

Category 6: Business travel

This category includes GHG emissions from employee transportation for business-related activities in vehicles not owned or operated by Nedap. The GHG emissions are calculated in the GHG calculation tool, using a distance-based approach.
We differentiate between various means of travel, including air, rail, road (bus or car–rental or employee-owned, excluding commuting) and water.
For Nedap, we collect the data based on kilometers traveled through reimbursed travel expenses or travel-related expense records. We typically have data available for the distance and method of travel. When precise data is unavailable, the distances will be calculated.
The total number of kilometers traveled are multiplied by the appropriate EF, which is specific to the type of vehicle and the geographical location where travel took place.

Category 7: Employee commuting

This category includes GHG emissions from employee commuting between their homes and the office, excluding trips with company-owned or leased cars. The activity data is based on the total distance traveled by all employees and the breakdown of the various modes of transportation used, such as car, bus and train.
In countries where Nedap reimburses commuting expenses, we have accurate data on the total commuting distance for the reporting year. If this data is unavailable, we calculate the activity data based on the distance between employees' residential addresses and the office, average days spent in the office and a breakdown of the modes of transportation used. The GHG emissions that arise from employee commuting are calculated using our GHG calculation tool.

Category 8: Upstream leased assets

This category is not applicable to Nedap. Leased office buildings and vehicles are accounted for in Scope 2.

Category 9: Downstream transportation and distribution

For Nedap, downstream transportation and distribution GHG emissions are calculated based on the distance traveled by sold products from our warehouse to the customer during the reporting year. Although this category is product related, it is not integrated into our LCA, as we have precise data on the transportation of our sold products. As a result, we have opted for a more accurate calculation method tailored to this specific activity.
We calculate the distance between our warehouse and the destination where the products are shipped, which is then multiplied by the appropriate EF based on the means of transport.
For determining distance, we assume an average distance to the destination country based on the location of our customers, who may be multinationals that further transport and use the products in various countries.

For transportation modes, we assume the following:

- For distances up to 2,500 kilometers, transportation is assumed to be exclusively by truck.
- For distances exceeding 2,500 kilometers, we use a mixed model, assuming 5% of the distance travelled by truck, 5% by boat and 90% by plane.

Category 10: Processing of sold products

Category 10 includes GHG emissions from the processing of sold intermediate products by third parties, which are products that require further processing, transformation or inclusion in another product before use. This category is not applicable to Nedap, since we do not sell intermediate products.

Category 11: Use of sold products

In this category, we look at the future use phase of the sold products in the reporting year. This means that we look at the GHG emissions from our sold products in the use phase for the entire lifetime of the sold products.

The calculation of the use phase GHG emissions for products involves a structured approach focused on estimating GHG emissions during the product’s operation over its entire lifetime. GHG emissions are calculated for each individual product, based on its sales quantity, to ensure accurate GHG emissions calculations.

One of the primary challenges in this calculation is determining the exact location where the product will be used. To address this, we use the EFs for the geographic region of the country to which the product is shipped. The geographic region is in most cases the continent on which the country is situated. Only in the case of Oceania, we specifically use the respective EFs for Australia and New Zealand due to the significant difference between them.

The GHG emissions calculation is based on the estimated total use of electricity during the product's lifetime, formulated as:
Total use of electricity during lifetime [kWh] (= power consumption [W] / 1,000 x duty cycle [%] x product lifetime [h]) x geography-specific EF [kg CO_2e / kWh] x sales quantity

The total use of electricity during the product's lifetime is calculated by first determining the product's power consumption, measured in watts (W). Most of the time, this information is included on the data sheets of the product and provided by the product experts of the business units. This power consumption is then multiplied by the duty cycle, which represents the number of hours the product is in use per day as a fraction of 24 hours, effectively expressed as a percentage. The result is then multiplied by the product's estimated lifetime, measured in years, to determine the total electricity consumption over its entire lifetime. As the EF is given in kg CO_2e per kWh, we convert watts to kilowatts by dividing the result by 1,000, and we convert years to hours by multiplying the result by 24 hours and 365 days.

For products powered by batteries, we distinguish between primary and rechargeable batteries. Rechargeable batteries, whether replaceable or not, are treated as if the product is directly connected to the grid. For primary non-replaceable batteries, GHG emissions are accounted for during production, as they are charged once. For primary replaceable batteries, GHG emissions from additional battery purchases during the product's lifetime are considered indirect use phase GHG emissions, and these will be included if they exceed 5% of the product's production phase GHG emissions.

Once the total electricity consumption is calculated, it is multiplied by the region-specific EF in kg CO_2e / kWh, and the total number of items sold in the reporting period is applied to determine the overall GHG emissions during the use phase of the sold products in a given year. Grid factors are used for the following global regions: Africa, Asia, Australia, Europe, Latin America and the Caribbean (South America), New Zealand and North America.

Category 12: End-of-life treatment of sold products

This category covers GHG emissions from the disposal and treatment of products sold by Nedap during the reporting year, at their future end of life. GHG emissions are calculated by multiplying the amount of waste by the appropriate EF, which is based on the type of material and the specific waste handling process used.

GHG emissions from the end-of-life treatment of our products are included in our Category 1 product related emissions, as the software we use to calculate emissions does include this in the LCA, but does not separately report this value. Based on previous versions of our LCA for most items in the portfolio, we were able to estimate the GHG emissions related to this category for all products.

Assumptions and limitations specific to individual representative products are detailed in the corresponding LCA document.

Category 13: Downstream leased assets

This category is not applicable, as Nedap does not lease out assets to other entities.

Category 14: Franchises

This category is not applicable as Nedap does not have any franchises.

Category 15: Investments

This category is not applicable, as Nedap is not an investor, nor a financial company.

5.10.4 Senior management

Nedap's senior management (which is referred to as 'top management' in the ESRS) consists of the following roles:

- Business unit leaders Healthcare (2x)
- Business unit leader Identification Systems
- Business unit leader Light Controls
- Business unit leader Livestock
- Business unit leader Retail
- Business unit leader Security
- Team lead Human Resources
- General Counsel
- Team lead Communications
- Team lead IT
- Team lead Smart
- Concern controller
- Investor Relations manager
- Internal auditor
- Managing Director Nedap FZE
- Managing Director Nedap Inc.

At the end of 2023, the senior leadership within Nedap consisted of 17 people, including 3 females and 14 males.

During 2024, the position of business unit leader Identification Systems was discontinued, and at the end of 2024, the position of business unit leader Security was vacant. Hence, at the end of 2024, the senior leadership within Nedap consisted of 15 people, including 2 females and 13 males.

5.10.5 Incident classification

It is logical that an incident that affects two customers in one key market requires different measures and involvement of Nedap employees than an incident that affects all key markets and customers of Nedap. We have therefore determined escalation levels that allow us to scale up based on the nature of the incident, with specific follow-up measures assigned to each level. To align with Nedap's risk management approach, we use the following escalation levels:

- Vital: the impact of the incident is so big that the continuation of the company can be seriously affected.

- Critical: the impact of the incident is of such a magnitude that significant damage can be caused to the company.
- Regular: the impact of incident remains limited and within manageable proportions.

The escalation level is determined based on the incident's size and exposure. Where the term 'parties' is used below, it may refer to customers, suppliers, service providers, sub-processors, linking parties or data subjects, depending on the nature of the incident.

Size

Within the criterion of size, the following gradations can be distinguished:

- Small: no or a few parties/applications are affected number < 5%.
- Medium: multiple parties/applications are affected number < 25%.
- Large: many parties/applications are affected number > 25%.
- Completely: all parties/applications are affected number = 100%.

Exposure

Within the criterion of exposure, the following gradations can be distinguished:

- Limited: one business unit or legal entity is affected.
- Wide: multiple business units or legal entities are affected.
- Completely: all business units or legal entities are affected.

Classification matrix

The following matrix has been drawn up to determine the escalation level:

		Exposure		
		Limited	**Wide**	**Completely**
Size	**Small**	Regular	Regular	Critical
	Medium	Regular	Critical	Vital
	Large	Critical	Critical	Vital
	Completely	Critical	Vital	Vital

6. Financial statements

6.1 Consolidated financial statements

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

Assets	*Note*	**2024**	**2023**
Fixed assets			
Intangible fixed assets	*1*	13,706	10,156
Tangible fixed assets	*2*	43,845	42,636
Deferred tax assets	*3*	839	1,373
		58,390	**54,165**
Current assets			
Inventories	*4*	32,038	38,904
Income tax receivable		1,974	75
Trade and other receivables	*5*	40,623	36,566
Cash and cash equivalents	*6*	4,357	10,156
		78,992	**85,701**
		137,382	**139,866**
Liabilities			
Group equity			
Shareholders' equity	*7*	83,703	85,331
Non-current liabilities			
Borrowings	*8*	14,000	14,000
Lease liabilities	*9*	756	837
Employee benefits	*10*	1,061	1,001
Provisions	*11*	464	682
Deferred tax liabilities	*3*	457	-
		16,738	**16,520**
Current liabilities			
Lease liabilities	*9*	988	957
Employee benefits	*10*	59	85
Provisions	*11*	878	1,010
Bank overdrafts	*12*	-	-
Income tax payable		161	600
Taxation and social security contributions		4,358	4,047
Trade and other payables	*13*	30,497	31,316
		36,941	**38,015**
Total liabilities		**53,679**	**54,535**
		137,382	**139,866**

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

	Note	2024	2023
Revenue	14	**251,606**	**262,426**
Cost of materials and outsourced work		-64,418	-89,717
Inventory movements of finished goods and work in progress		-7,290	8,270
		-71,708	**-81,447**
Added value		**179,898**	**180,979**
Personnel costs	15	-114,802	-112,059
Amortization	16	-570	-389
Depreciation	17	-9,896	-9,718
Impairment of assets	18	-278	-
Other operating costs	19	-30,463	-31,490
Operating costs		**-156,009**	**-153,656**
Operating result		**23,889**	**27,323**
Financing income		89	39
Financing costs		-1,033	-770
Net financing costs		**-944**	**-731**
Result before taxation from continued operations		**22,945**	**26,592**
Taxation	20	-4,418	-5,032
Result for the financial year from continued operations		**18,527**	**21,560**
Result for the financial year from discontinued operations		-	81
Result for the financial year		**18,527**	**21,641**
Result attributable to shareholders of Nedap N.V.		18,527	21,641
Average number of outstanding shares	7	**6,581,074**	**6,546,636**
Earnings per ordinary share from continued operations (in €)		2.82	3.29
Diluted earnings per ordinary share from continued operations (in €)		2.82	3.29
Earnings per ordinary share (in €)		2.82	3.31
Diluted earnings per ordinary share (in €)		2.82	3.31

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

	2024	2023
Result for the financial year from continued operations	18,527	21,560
Result for the financial year from discontinued operations	-	81
Result for the financial year	**18,527**	**21,641**
Unrealized result		
Items that will (or may) be reclassified to profit or loss after initial recognition:		
Currency translation differences	518	-315
Unrealized result for the financial year, after taxation	**518**	**-315**
Total realized and unrealized result for the financial year	**19,045**	**21,326**
Total realized and unrealized result for the financial year attributable to:		
Nedap N.V. shareholders	**19,045**	**21,326**

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

	Note	2024	2023
Cash flow from operating activities			
Result for the financial year from continued operations		**18,527**	**21,560**
Adjustments for:			
Depreciation and amortization including impairment	*16,17,18*	10,744	10,107
Book result on sale of tangible fixed assets		-154	-204
Exchange differences		-	-164
Net financing costs		944	731
Share-based remuneration		-1,806	575
Income taxes	*20*	4,418	5,032
		14,146	**16,077**
Movements in trade and other receivables	*5*	-3,875	6,840
Movements in inventories	*4*	7,203	-11,158
Movements in taxation and social security contributions		305	1,996
Movements in trade and other payables		-505	-826
Movements in employee benefits	*10*	34	82
Movements in provisions	*11*	-350	-111
		2,812	**-3,177**
Interest paid		-950	-675
Interest received		89	39
Income tax paid		-5,753	-4,969
		-6,614	**-5,605**
Cash flow from operating activities from continued operations		28,871	28,855
Cash flow from operating activities from discontinued operations		-	978
Cash flow from operating activities		**28,871**	**29,833**
Cash flow from investing activities			
Investments in tangible fixed assets	*2*	-10,897	-10,689
Investments in intangible fixed assets	*1*	-4,175	-7,698
Proceeds from sale of tangible fixed assets		367	313
Proceeds from sale of Nedap Beveiligingstechniek B.V.		-	23
Cash flow from investing activities from continued operations		-14,705	-18,051
Cash flow from investing activities from discontinued operations		-	-1,104
Cash flow from investing activities		**-14,705**	**-19,155**

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

	Note	2024	2023
Cash flow from financing activities			
Repayments on long-term borrowings and derivatives	*21,22*	-	-
Lease payments		-1,211	-1,069
Dividend paid to shareholders of Nedap N.V.		-21,083	-19,662
Dividend received from Nedap Beveiligingstechniek B.V.		-	982
Sale of own shares		2,216	1,898
Cash flow from financing activities from continued operations		-20,078	-17,851
Cash flow from financing activities from discontinued operations		-	-3
Cash flow from financing activities		**-20,078**	**-17,854**
Movements in cash and cash equivalents and bank overdrafts		**-5,912**	**-7,176**
Cash and cash equivalents and bank overdrafts at 1 January		10,156	17,483
Exchange differences for cash and cash equivalents and bank overdrafts		113	-151
Cash and cash equivalents and bank overdrafts at 31 December		**4,357**	**10,156**

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

	Share capital	Statutory reserves	Other reserves	Result attributable to shareholders	Total shareholders' equity
Balance as at 1/1/2023	**669**	**1,739**	**60,082**	**18,704**	**81,194**
Realized result for financial year	-	-	-	21,641	21,641
Unrealized result for financial year	-	-315	-	-	-315
Result for financial year	**-**	**-315**	**-**	**21,641**	**21,326**
Dividend	-	-	-19,662	-	-19,662
Appropriation of result for previous financial year	-	669	18,035	-18,704	-
Movement in share-based remuneration	-	-	575	-	575
Movement in own shares	-	-	1,898	-	1,898
Balance as at 31/12/2023	**669**	**2,093**	**60,928**	**21,641**	**85,331**
Realized result for financial year	-	-	-	18,527	18,527
Unrealized result for financial year	-	518	-	-	518
Result for financial year	**-**	**518**	**-**	**18,527**	**19,045**
Dividend	-	-	-21,083	-	-21,083
Appropriation of result for previous financial year	-	2,485	19,156	-21,641	-
Movement in share-based remuneration	-	-	-1,806	-	-1,806
Movement in own shares	-	-	2,216	-	2,216
Balance as at 31/12/2024	**669**	**5,096**	**59,411**	**18,527**	**83,703**

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)

Share-based remuneration reserve[1]	2024	2023
Bonus depositary receipts	627	503
10% purchase discount	139	155
NAPP reserve	-	1,914
Total	**766**	**2,572**

[1] The share-based remuneration reserve is part of 'other reserves' in the shareholders' equity.

Statutory reserves	2024	2023
Capitalized development costs	4,804	2,350
Exchange differences	280	-269
Result from participations not freely distributable	12	12
Total	**5,096**	**2,093**

Dividend per share for the 2024 financial year has been set at €3.20 (€3.20 in 2023).

Accounting policies

Foreign currency

The financial statements are presented in euros, which is Nedap's functional and presentational currency. Profits or 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 recognized 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 recognized 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 recognized 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 recognized at amortized cost less expected credit losses.

Profits or losses ensuing from changes in the measurement of these instruments are recognized in the statement of profit or loss under other operating costs.

Intangible fixed assets

Intangible fixed assets, including capitalized development costs and assets in progress and prepayments, are recognized at historical cost less accumulated amortization and impairment losses.

Research

Costs relating to research activities are recognized 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 capitalized.

All other development costs are recognized in the statement of profit or loss at the time of occurring. The recognized value of capitalized development costs consists of external and directly attributable internal costs and overheads. Capitalized 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 finalize and market the products it has developed.

Government grants

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

Amortization of intangible fixed assets

Capitalized development costs are amortized on a straight-line basis. The amortization rate varies between 12.5% and 20.0%.

Other

Software and licenses acquired are recognized at historical cost less accumulated amortization and impairments. Amortization is applied on a straight-line basis over the estimated economic life. The amortization rate varies between 12.5% and 20.0%.

Tangible fixed assets

Tangible fixed assets purchased or manufactured are recognized at historical cost less accumulated depreciation and impairment.

Costs of tangible fixed assets are capitalized 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 recognized value of assets manufactured in-house consists of external costs 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. Available-for-sale tangible fixed assets are recognized 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	18%
Installations	7% to 10%
Other equipment	20% to 33%

Depreciation rates are evaluated annually and adjusted if necessary.

Leases

Leases are recognized as a right-of-use asset and corresponding liability on the date on which the right-of-use asset is available to Nedap.

The lease terms differ per lease. They range from one to five years and reflect a term that is shorter than or equal to the useful life of the underlying asset.

Contracts can contain both lease and non-lease components. Nedap 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 recognized as lease components are initially measured at present value. After initial measurement at cost less any depreciation and any accumulated impairment losses, the right-of-use assets 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 Nedap will choose to extend the lease. Otherwise, Nedap 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 at Nedap, 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.

Nedap is subject to possible future increases of variable lease payments based on an index or rate, which are not recognized 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 assets 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. Right-of-use assets 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 Nedap 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 recognized 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. The liability method has been used for calculating deferred tax assets and liabilities. Deferred tax assets are calculated, for each fiscal entity, at the tax rates that are expected to apply when they are realized. Deferred tax assets are only recognized if it is likely that these can be realized. 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 realize their tax liabilities and assets simultaneously.

Inventories

Inventories are recognized at either cost or net realizable value, whichever is lower. Cost is determined based on the First-In-First-Out method (FIFO). Net realizable 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 realizable value, provided this is lower than cost. These downward revaluations are applied based on age, sales projections, 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 recognized under cash and cash equivalents in current assets, while bank overdrafts are recognized 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 recognized based on realizable value, which is either the direct realizable value or value in use, whichever is the highest. Impairment is recognized 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 realizable value, albeit never beyond the book value that would have been recognized 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

Statutory reserves are non-distributable reserves formed for the amount of development costs capitalized on the balance sheet, for exchange differences for participations 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 recognized 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 recognized as cost in the statement of profit or loss, while the amount charged to the profit or loss is recognized 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 recognized under liabilities. The total amount to recognize 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 recognize as cost is charged to the profit or 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 depository 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 recognized 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. The liability method has been used for calculating deferred tax assets and liabilities. 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 realize their tax liabilities and assets simultaneously.

Provisions

Provisions for legal claims, service guarantees and obligations to repair are recognized 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 recognized 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 or 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 recognized in the profit or loss upon transfer of the right of disposal of the goods or software by Nedap.

Revenue from software subscriptions (licenses) and services is recognized for each service or on a straight-line basis over the term of the contract. Licenses involve the granting of a right of access to Nedap's software as it is during the entire term of the license. If service contracts are invoiced in advance, these amounts are recognized 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.

Nedap 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 recognized 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 recognized 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 recognized 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 recognized in the statement of profit or loss, unless it relates to items recognized directly in shareholders' equity, in which case the related taxation is also recognized in shareholders' equity. Taxation payable or offsettable over the reporting period consists of income tax on the taxable profit or 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.

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 or 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.

Notes

General

Nedap N.V. is a public limited company under Dutch law, domiciled in the Netherlands, that develops and manufactures electronic equipment and software, having its registered office under the articles of association at Parallelweg 2, 7141 DC Groenlo, the Netherlands, registered in the Chamber of Commerce's trade register under number 08013836. Groenlo, the Netherlands is its principal place of business as well. The company's 2024 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 3 March 2025, 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 17 April 2025. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as adopted by the European Union and with Title 9 of Book 2 of the Dutch Civil Code.

Nedap Beveiligingstechniek B.V., Groenekan, the Netherlands	100%	(sold 31-05-2023)
Nedap Asia Ltd., Hong Kong, China	100%	participation
Nedap China Ltd., Shanghai, China	100%	participation of Nedap Asia Ltd.
Nedap NZ Ltd., Christchurch, New Zealand	100%	participation
Nedap Deutschland GmbH, Krefeld, Germany	100%	participation
Nedap Great Britain Ltd., Theale, Reading, United Kingdom	100%	participation
Nedap Iberia S.A.U., Madrid, Spain	100%	participation
Nedap Polska Sp. z o.o., Warsaw, Poland	100%	participation
Nedap FZE, Dubai, United Arab Emirates	100%	participation
Nedap Inc., Burlington, United States of America	100%	participation

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. The company was able to post a profit for 2024. 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 recognized in the financial statements and explanatory notes are rounded to the nearest thousand currency units.

Estimates

IFRS Accounting Standards 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 recognized 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 capitalization 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, capitalized if all of the following conditions are met: 1) the development costs were incurred for solutions 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 solution is likely to have market potential and yield future economic benefits.

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

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.

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 unrealized result on such transactions are eliminated when preparing the consolidated financial statements. The unrealized profit or loss of consolidated companies on transactions with non-consolidated companies is eliminated in proportion to Nedap’s interest in that participation.

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 2024, 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 2024 (4% 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 €1.0 million.

Interest rate risk

A change of 100 basis points in interest rate on the loans specified in Note 8 (amounting to €14.0 million) and the average drawn credit on current accounts (€5.8 million) would affect the profit for the financial year by €0.2 million (€0.1 million in 2023).

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-to-EBITDA of a maximum of 1.5. Temporary deviation from this target figure is possible for strategic reasons. In 2024, these ratios were 61% and 0.3 respectively (61% and 0.1 in 2023).

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 2024. 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)

	Capitalized development costs	Software and licenses	In progress and prepayments	Total intangible fixed assets
Year-end 2022				
Purchase price	3,904	1,396	2,022	7,322
Amortization including impairments	-3,488	-987	-	-4,475
Book value	**416**	**409**	**2,022**	**2,847**
Movements in 2023				
Investment	1,280	528	5,890	7,698
Disposal (on balance)	-	-	-	-
Amortization	-182	-207	-	-389
Net movements	**1,098**	**321**	**5,890**	**7,309**
Year-end 2023				
Purchase price	5,185	1,926	7,912	15,023
Amortization including impairments	-3,671	-1,196	-	-4,867
Book value	**1,514**	**730**	**7,912**	**10,156**
Movements in 2024				
Investment	1,190	5,398	-2,413	4,175
Disposal (on balance)	-	-55	-	-55
Amortization	-345	-225	-	-570
Net movements	**845**	**5,118**	**-2,413**	**3,550**
Disposals (Purchase price)	-	-244	-	-244
Disposals (Depreciation)	-	189	-	189
Year-end 2024				
Purchase price	6,375	7,080	5,499	18,954
Amortization including impairments	-4,016	-1,232	-	-5,248
Book value	**2,359**	**5,848**	**5,499**	**13,706**

Intangible fixed assets in progress and prepayments include a €3,406 (2023: €1,971) investment relating to intangible fixed assets developed in-house.

To a great extent, the capitalized development costs are for Healthcare and Retail information management systems.

2. Tangible fixed assets (€ x 1,000)

	Company buildings and premises	Machinery and installations	Other fixed equipment*	In progress and prepayments	Right-of-use assets	Total tangible fixed assets
Year-end 2022						
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
Book value	**18,001**	**5,307**	**14,677**	**1,159**	**1,977**	**41,121**
Movements in 2023						
Investment	1,203	670	6,512	2,199	977	11,561
Completed assets in progress	-	-	1,159	-1,159	-	-
Disposal (on balance)	-	-	-109	-	-219	-328
Depreciation	-2,067	-989	-5,626	-	-1,036	-9,718
Impairments	-	-	-	-	-	-
Net movements	**-864**	**-319**	**1,936**	**1,040**	**-278**	**1,515**
Disposals (Purchase price)	-	-	-1,208	-	-853	-2,061
Disposals (Depreciation)	-	-	1,100	-	634	1,734
Year-end 2023						
Purchase price	43,074	19,628	48,408	2,199	4,782	118,091
Depreciation including impairments	-25,937	-14,640	-31,795	-	-3,083	-75,455
Book value	**17,137**	**4,988**	**16,613**	**2,199**	**1,699**	**42,636**
Movements in 2024						
Investment	1,187	652	2,871	5,720	1,131	11,561
Completed assets in progress	-	-	2,199	-2,199	-	-
Disposal (on balance)	-	-	-158	-	-66	-224
Exchange differences	-	-	19	-	27	46
Depreciation	-2,094	-955	-5,749	-	-1,098	-9,896
Impairments	-	-	-278	-	-	-278
Net movements	**-907**	**-303**	**-1,096**	**3,521**	**-6**	**1,209**
Disposals (Purchase price)	-23	-7,165	-4,339	-	-334	-11,861
Disposals (Depreciation)	23	7,165	4,182	-	268	11,638
Year-end 2024						
Purchase price	44,237	13,116	49,207	5,720	5,705	117,985
Depreciation including impairments	-28,007	-8,431	-33,690	-	-4,012	-74,140
Book value	**16,230**	**4,685**	**15,517**	**5,720**	**1,693**	**43,845**

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

At year-end 2024, €958 of the book value of 'Right-of-use assets' related to premises and €735 to other fixed equipment. Depreciation totalled €826 and €272 respectively in 2024. 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 2023) has been granted as security for bank debts. The useful life of assets measured as 'Right-of-use assets' is in all cases at least equal to the period of the remaining lease payments.

For further explanation of leases, see also note 9. Lease liabilities entered into stood at €1.7 million (€1.8 million in 2023) at year-end. Impairment is explained under 'Impairment of assets'.

Geographical information on the book value of tangible fixed assets and intangible fixed assets:

	2024	2023
The Netherlands	55,943	50,936
Germany	174	153
Other Europe	865	808
China (including Hong Kong)	224	426
North America	254	396
Other countries	91	73
Total	**57,551**	**52,792**

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

Balance as at 31 December 2024	Deferred tax assets	Deferred tax liabilities
Tangible fixed assets	6	-
Intangible fixed assets	-	876
Anniversary benefits provision	3	-
Inventories	408	-
Other	147	145
Offsettable loss	839	-
Total before offsetting	**1,403**	**1,021**
Offsetting	-564	-564
Total after offsetting	**839**	**457**
Balance as at 31 December 2023 (before offsetting)	1,901	528
Offsetting	-528	-528
Balance as at 31 December 2023 (after offsetting)	**1,373**	**-**
Withdrawals	-553	-3
Additions	55	496
Balance as at 31 December 2024 (before offsetting)	1,403	1,021
Offsetting	-564	-564
Balance as at 31 December 2024 (after offsetting)	**839**	**457**

These receivables relate to the losses brought forward and deferred taxation. The offsettable profit or loss relates to deferred tax assets at two subsidiaries.

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

At 31 December 2024, there were no temporary differences, uncompensated tax losses or unused tax credits for which no deferred tax assets had been recognized.

4. Inventories (€ x 1,000)

	2024	2023
Raw materials and components	6,778	6,354
Products in progress	475	171
Finished goods (procured and manufactured)	24,785	32,379
Total	**32,038**	**38,904**

A total amount of €3.3 million (€3.3 million in 2023) of inventories has been written down to a lower realizable value.

Inventories recognized as an expense during the year ended 31 December 2024 amounted to €60.1 million. These were included in cost of materials and outsourced work. Costs of write-down of inventory, which are recognized in cost of materials and outsourced work, amounted to €1.3 million in 2024 (€1.6 million in 2023).

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

	2024	2023
Trade receivables	32,710	28,883
Other receivables and prepayments and accrued income	7,913	7,683
Total	**40,623**	**36,566**

Of the trade and other receivables, €0.7 million (€0.4 million in 2023) has a term of over one year.

Of the trade receivables, 95% (92% in 2023) are either not yet due or in the first month after the agreed payment date.

Of the remaining 5% (8% in 2023), 3% (5% in 2023) are a maximum of 90 days overdue and 2% (3% in 2023) 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.

Movements in provision for trade receivables that are deemed uncollectable	2024	2023
Balance at 1 January	**158**	**232**
Withdrawals	-45	-140
Additions	174	66
Balance at 31 December	**287**	**158**

In 2024, the average credit term for trade accounts receivable was 6.2 weeks (6.5 weeks in 2023). Nedap has insured the credit risk in its trade receivables wherever possible. The companies that cover the insurance risk are rated by global rating agencies with an A-rating, or better. A total of 91% of the trade receivable balance is covered (91% in 2023), with a pay-out of 90% (90% in 2023). The total amount of uncovered credit risk is €2,841 (2023: €2,667).

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)

	2024	2023
Cash	-	-
Banks	4,357	10,156
Total	**4,357**	**10,156**

Cash and cash equivalents are available on demand.

7. Shareholders' equity attributable to shareholders (€ x 1,000)

The company's authorized 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 2024 was 6,581,074 (6,546,636 in 2023).

At year-end 2024, 6,588,525 shares were outstanding (6,554,003 in 2023).

At year-end 2024, the company held 104,395 (138,917 in 2023) of its own shares that are expected to be transferred to employees under the employee participation plans.

8. Borrowings (€ x 1,000)

Type of borrowing	Nominal interest rate	Maturity date	2024	2023
Standby Roll-Over	3 months Euribor + 1,2%	2026	14,000	14,000
Balance at 31 December			**14,000**	**14,000**
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 amortized 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 all fixtures and fittings (€26 million), inventories (€28 million) and trade receivables (€27 million) - all amounts as of 31 December 2024, detailed in the Company financial statements. The pledge includes security for bank overdrafts (see note 12). The General Terms and Conditions and the General Provisions for Credit Provision (for business clients) of ABN AMRO Bank N.V. apply to the agreement.

The agreement does not contain any covenants.

9. Lease liabilities (€ x 1,000)

	Company buildings and premises	Other fixed equipment	Total
Lease liabilities as at 31 December 2023			
Current (<= 1 year)	740	217	**957**
Long-term (> 1 year)	629	208	**837**
	1,369	**425**	**1,794**
Movements in 2024			
Current (<= 1 year)	-42	73	**31**
Long-term (> 1 year)	-322	241	**-81**
	-364	**314**	**-50**
Lease liabilities as at 31 December 2024			
Current (<= 1 year)	698	290	**988**
Long-term (> 1 year)	307	449	**756**
	1,005	**739**	**1,744**
The interest amounts on lease liabilities recognized as a cost in 2024 amounted to €67 (€74 in 2023).			
Recognized in the financial year			
Short-term lease costs	7	62	**69**
Low-value lease costs	10	6	**16**
Total lease payments	916	305	**1,221**

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)

Anniversary benefits provision	2024	2023
Balance at 1 January	1,086	1,004
Withdrawals	-112	-104
Additions	146	186
Balance at 31 December	**1,120**	**1,086**
Measurement of the anniversary benefits provision is based on the following factors:		
Future salary increase	**3.50%**	3.50%
Present value factor	**3.35%**	3.25%

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 (€1,061), €336 relates to the period from 2026 to 2029 (>1 year <= 5 years).

11. Provisions (€ x 1,000)

Guarantee provision	2024	2023
Balance at 1 January	1,692	1,803
Withdrawals	-1,023	-1,208
Additions	673	1,097
Balance at 31 December	**1,342**	**1,692**

The part of the provisions with a term of under one year €878 (€1,010 in 2023) is recognized under short-term liabilities. Of the long-term part of the provision, €0 relates to the period after 2029 (more than five 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 discounted.

12. Bank overdrafts (€ x 1,000)

The maximum overdraft under the facility is €25.0 million (€25.0 million in 2023).

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.

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

	2024	2023
Trade payables	14,027	13,665
Liabilities on account of investments	196	663
Prepayments received	901	1,148
Other liabilities and accruals and deferred income	15,373	15,840
Total	**30,497**	**31,316**

An amount of €0.3 million (€0.3 million in 2023) of other liabilities and accruals and deferred income relates to payables with a term of over 1 year. Prepayments received at year-end 2023 were recognized as revenue in 2024.

14. Revenue (€ x 1,000)

	2024	2023
Products, systems and installations	151,413	178,299
Software subscriptions (licenses) and services	100,193	84,127
Total	**251,606**	**262,426**

Software subscriptions (licenses) and services consist mainly of subscriptions and maintenance contracts for Healthcare, Retail, Security and Staffing Solutions.

Geographical sales areas	2024	2023
The Netherlands	101,347	94,696
Germany	28,560	34,051
Other Europe	64,285	64,233
North America	38,032	40,622
Other countries	19,382	28,824
Total	**251,606**	**262,426**

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

15. Personnel costs (€ x 1,000)

	2024	2023
Wages and salaries	80,756	74,926
Social security costs	11,528	9,788
Pension costs	5,039	4,863
Insourced staff	11,448	15,775
Other personnel costs	6,031	6,707
Total	**114,802**	**112,059**

Social security costs include a government grant of €-858 (€-861 in 2023).

The costs of share-based remuneration, recognized in accordance with IFRS 2 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. Combined, these costs amount to €442 in the financial year (€412 in 2023).
- Costs of remuneration that must be invested in depositary receipts in full (NAPP) were €0 (€1,914 in 2023).

The fair value (in € x 1) of bonus and NAPP depository receipts awarded in the financial year is €56.52 (€46.78 in 2023).

Costs for which a purchase discount and bonus depositary receipts are recognized under other personnel costs, while other costs are recognized as wages and salaries. Of these costs, an amount of €197 is related to the 2024 financial year (€219 in 2023).

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 has been decided to not 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 recognized at fair value under Trade liabilities and other payables.

Average number of employees	2024	2023
The Netherlands	917	849
Other Europe	51	47
Asia	33	37
North America	39	36
Total	**1,040**	**969**

Remuneration Board of Directors

	Basic income	Variable remuneration	Employee participation plan benefits	Pension costs	Total
2024					
Mr. R. M. Wegman	486	267	49	108	**910**
Ms. D. van der Sluijs	347	189	31	58	**625**
Mr. R. Schuurman	306	166	25	61	**558**
Total	**1,139**	**622**	**105**	**227**	**2,093**
2023					
Mr. R. M. Wegman	466	300	48	102	916
Ms. D. van der Sluijs	333	211	27	56	627
Mr. R. Schuurman	294	186	22	53	555
Total	**1,093**	**697**	**97**	**211**	**2,098**

Basic income and Variable remuneration are considered short-term benefits, benefits of Employee participation plan qualify as share-based payments and pension costs are post-employment benefits.

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:

	2024	2023
Mr. R. M. Wegman	100%	100%
Ms. D. van der Sluijs	75%	100%
Mr. R. Schuurman	100%	100%

Shares and depositary receipts

	Shares and depositary receipts held at year-end	Bonus depositary receipts not yet awarded at year-end
2024		
Mr. R. M. Wegman	51,608	2,817
Ms. D. van der Sluijs	6,469	1,618
Mr. R. Schuurman	8,592	1,182
Total	**66,669**	**5,617**
2023		
Mr. R. M. Wegman	48,277	2,863
Ms. D. van der Sluijs	4,614	1,154
Mr. R. Schuurman	6,806	929
Total	**59,697**	**4,946**

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 Governance & risk chapter of this report.

Supervisory Board remuneration

	2024	2023
Mr. P. A. M. van Bommel	50	50
Mr. J. M. L. van Engelen	40	40
Ms. M. Pijnenborg	40	40
Mr. S. C. Santema (from 13 April 2023)	40	29
Ms. M. A. Scheltema	40	40
Total	**210**	**199**

The total remuneration for the Board of Directors and the Supervisory Board members (key management personnel) for the year amounts to €2,303 (2023: €2,297).

16. Amortization (€ x 1,000)

	2024	2023
Developments costs	345	182
Software and licenses	225	207
Total	**570**	**389**

17. Depreciation (€ x 1,000)

	2024	2023
Company buildings	2,094	2,067
Machinery and installations	955	989
Other fixed equipment	5,749	5,626
Right-of-use assets	1,098	1,036
Total	**9,896**	**9,718**

18. Impairment of assets (€ x 1,000)

	2024	2023
Impairment of assets	**278**	**-**

Impairment of assets relates to the scaling down of Staffing Solutions.

19. Other operating costs (€ x 1,000)

The costs of foreign exchange differences recognized in profit or loss amount to €-90 (2023: €625).

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

20. Taxation (€ x 1,000)

	2024	2023
Profit before taxation	**22,945**	**26,673**
Profit from discontinued operations	-	81
Profit from continued operations	**22,945**	**26,592**
Income tax	3,420	5,168
Deferred income tax	998	-136
Total income tax	**4,418**	**5,032**

Reconciliation of effective tax rate:	2024		2023	
Income tax based on Dutch tax rate	5,920	25.8%	6,861	25.8%
Change in domestic tax rate	-14	-0.1%	-14	-0.1%
Effect of tax rate for non-resident associates	-40	-0.2%	-188	-0.7%
Non-deductible expenditures	248	1.1%	425	1.6%
Tax incentive schemes	-1,356	-5.9%	-2,021	-7.6%
Rate change for deferred taxation	-335	-1.4%	59	0.2%
Prior-year adjustment	-5	0.0%	-90	-0.3%
Total	**4,418**	**19.3%**	**5,032**	**18.9%**

The change in the domestic tax rate is caused by a tax rate of 19.0% on the first €200 of taxable profit (19.0% on the first €200 of taxable profit in 2023).

The net tax rate for associates outside the Netherlands is lower than the nominal rate in the Netherlands, which leads to a -0.2% decrease in the effective tax rate.

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

Besides a small amount for the Energy/Environmental Investment Tax Credit (Energie/Milieu Investerings Aftrek) (€-12 (€-1 in 2023)), tax incentive schemes consist of benefits ensuing from application of the Innovation Box tax regime (€-1,344 (€-2,020 in 2023)).

Deferred tax assets and liabilities are measured at the weighted average tax rate, factoring in any arrangements under the Innovation Box tax regime.

Net income tax payable for 2023 has been paid. The difference between income tax paid of €5,753 in the statement of cash flows and the payable amount of €4,418 is made up of advances paid in 2023 and previous years, as well as advances paid in 2024 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 contested these tax assessments by filing an objection. Over recent years, Nedap engaged in multiple discussions with the tax authorities to address this issue, providing further supporting documentation throughout the process. Despite these efforts and the additional information provided, the tax authorities maintain their position that the revised tax assessments were correctly issued. Consequently, in 2022, Nedap initiated a formal request to commence a Mutual Agreement Procedure (MAP) between the Netherlands and Hong Kong tax authorities to determine the jurisdiction of tax obligations.

Nedap is currently awaiting an assessment of this request and a response to it from the tax authorities. Nedap anticipates that the most likely result will be the absence of a cash outflow from the organization.

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 may amount to €0.3 million if the tax authorities turn out to be right, have not been taken into consideration in the results for 2024.

21. Financing liabilities (€ x 1,000)

	2024	2023
Cash and cash equivalents	4,357	10,156
Short-term borrowings including bank overdrafts	-	-
Long-term borrowings	-14,000	-14,000
Lease liabilities	-1,744	-1,794
Net financing position	**-11,387**	**-5,638**
Cash and cash equivalents	4,357	10,156
Fixed-interest borrowings	-	-
Variable-interest borrowings	-14,000	-14,000
Lease liabilities	-1,744	-1,794
Net financing position	**-11,387**	**-5,638**

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

22. Liquidity risk (€ x 1,000)

Contractual term of financial liabilities	< 1 year	>= 1 year < 2 years	>= 2 years < 5 years	>= 5 years	Total
Year-end 2023:					
Non-derivatives					
Trade and other payables[1]	29,836	332	-	-	30,168
Lease liabilities	957	452	385	-	1,794
Borrowings	-	-	14,000	-	14,000
Total non-derivatives	**30,793**	**784**	**14,385**	**-**	**45,962**
Year-end 2024:					
Non-derivatives					
Trade and other payables[1]	29,278	318	-	-	29,596
Lease liabilities	988	485	271	-	1,744
Borrowings	637	14,159	-	-	14,796
Total non-derivatives	**30,903**	**14,962**	**271**	**-**	**46,136**

[1] Excluding prepayments received (2023: €-1,148 restated)

Other information

Commitments and contingent liabilities

Guarantees issued by group companies in relation to building rental were €0.4 million (€0.3 million in 2023) and other €0.1 million (€0.1 million in 2023).

At year-end 2024, Nedap does not have any multi-year financial liabilities that have not been recognized. With the implementation of IFRS 16, all long-term financial liabilities are recognized 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, no payment was transferred to Stichting Preferente Aandelen Nedap. 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.

Research and development costs

	2024	2023
Personnel and other operating costs	54,071	49,098
Amortization	345	182
Capitalized costs	-3,381	-1,595
Government grants	-844	-809
Total	**50,191**	**46,876**

Government grants relate mainly to tax rebates under the Dutch Research and Development (Promotion) Act (Wbso) on account of research and development 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 capitalized if the applicable IAS 38 criteria are met.

Stichting Medewerkerparticipatie Nedap

Stichting Medewerkerparticipatie Nedap shareholding (shares x 1)	2024	2023
Balance as at 1 January	217,722	193,565
Additions during the year	31,332	29,194
Bonus shares received	3,190	4,844
Withdrawn during the year	-10,557	-9,881
Balance as at 31 December	**241,687**	**217,722**

Shares purchased over the period from 2021 to 2024 are still locked up. Of the 241,687 shares held, 103,848 are still in the locked-up period.

The 103,848 locked-up depositary receipts entitle holders to 16,376 bonus depositary receipts (15,196 in 2023).

In 2024, 3,190 bonus depositary receipts were awarded (4,844 in 2023), 232 contingent bonus depositary receipts expired (215 in 2023) and 4,602 contingent bonus depositary receipts were awarded (4,658 in 2023), resulting in 16,376 potentially awardable bonus depositary receipts at year-end 2024 (15,196 in 2023). Stichting Medewerkerparticipatie Nedap holds 3.6% of the total issued share capital.

Profit appropriation

	2024	2023
Shareholder profit	18,527	21,641
Addition to (-)/ withdrawal from (+) other reserves	2,556	-668
Dividend payable on ordinary shares	**21,083**	**20,973**

6.2 Company financial statements

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

[1] Before result appropriation

Assets	note		2024	2023
Fixed assets				
Intangible fixed assets	*1*	13,706		10,154
Tangible fixed assets	*2*	42,573		41,089
Financial fixed assets	*3*	14,429		10,673
			70,708	**61,916**
Current assets				
Inventories	*4*	27,630		32,284
Trade and other receivables	*5*	35,267		33,473
Cash and cash equivalents	*6*	1,523		7,148
			64,420	**72,905**
			135,128	**134,821**
Liabilities				
Shareholders' equity	*7*			
Share capital		669		669
Statutory reserves		5,096		2,093
Other reserves		59,411		60,928
			65,176	**63,690**
Profit for financial year		18,527		21,641
			83,703	**85,331**
Liabilities				
Provisions	*8*	2,462		2,778
Non-current liabilities	*9*	14,870		14,252
Current liabilities	*10*	34,093		32,460
Total liabilities			**51,425**	**49,490**
			135,128	**134,821**

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

	note		**2024**	**2023**
Revenue	*11*		**230,808**	**248,240**
Inventory movements of finished goods and work in progress		-5,077		8,266
			-5,077	8,266
Total operating income			**225,731**	256,506
Cost of materials and outsourced work		-54,963		-85,269
Personnel costs	*12*	-99,807		-98,698
Amortization	*13*	-567		-383
Depreciation	*14*	-8,952		-8,828
Impairment of assets	*15*	-278		-
Other operating costs	*16*	-39,736		-38,775
Operating costs			**-204,303**	**-231,953**
Operating result			**21,428**	**24,553**
Financing income		172		172
Financing costs		-990		-719
Net financing costs			**-818**	**-547**
Result before taxation			**20,610**	**24,006**
Taxation	*17*		-3,871	-4,570
Result for the financial year			**16,739**	**19,436**
Result from participations after taxation			1,788	2,205
Result attributable to shareholders of Nedap N.V.			**18,527**	**21,641**

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 Accounting Standards) 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)

	Capitalized development costs	Software and licenses	In progress and prepayments	Total intangible fixed assets
Year-end 2022				
Purchase price	3,904	933	2,022	6,859
Amortization including impairments	-3,488	-532	-	-4,020
Book value	**416**	**401**	**2,022**	**2,839**
Movements in 2023				
Investment	1,280	528	5,890	7,698
Disposal (on balance)	-	-	-	-
Amortization	-182	-201	-	-383
Net movements	**1,098**	**327**	**5,890**	**7,315**
Year-end 2023				
Purchase price	5,185	1,460	7,912	14,557
Amortization including impairments	-3,671	-732	-	-4,403
Book value	**1,514**	**728**	**7,912**	**10,154**
Movements in 2024				
Investment	1,190	5,397	-2,413	4,174
Disposal (on balance)	-	-55	-	-55
Amortization	-345	-222	-	-567
Net movements	**845**	**5,120**	**-2,413**	**3,552**
Disposals (Purchase price)	-	-244	-	-244
Disposals (Depreciation)	-	189	-	189
Year-end 2024				
Purchase price	6,375	6,612	5,499	18,486
Amortization including impairments	-4,016	-764	-	-4,780
Book value	**2,359**	**5,848**	**5,499**	**13,706**

Intangible fixed assets in progress and prepayments include a €3,406 (2023: €1,971) investment relating to intangible fixed assets developed in-house.

To a great extent, the capitalized development costs are for Healthcare and Retail information management systems.

2. Tangible fixed assets (€ x 1,000)

	Company buildings and premises	Machinery and installations	Other* fixed equipment	In progress and prepayments	Right-of-use assets	Total tangible fixed assets
Year-end 2022						
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**
Book value	**18,001**	**5,306**	**14,225**	**1,159**	**573**	**39,264**
Movements in 2023						
Investment	1,203	670	6,360	2,199	315	**10,747**
Completed assets in progress	-	-	1,159	-1,159	-	**-**
Disposal (on balance)	-	-	-64	-	-29	**-93**
Depreciation	-2,067	-989	-5,442	-	-330	**-8,828**
Impairments	-	-	-	-	-	**-**
Net movements	**-864**	**-319**	**2,013**	**1,040**	**-44**	**1,826**
Disposals (Purchase price)	-	-	-766	-	-302	**-1,068**
Disposals (Depreciation)	-	-	-702	-	-272	**-974**
Year-end 2023						
Purchase price	43,074	19,628	46,713	2,199	1,403	**113,017**
Depreciation including impairments	-25,937	-14,641	-30,475	-	-875	-71,928
Book value	**17,137**	**4,987**	**16,238**	**2,199**	**528**	**41,089**

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

2. Tangible fixed assets (€ x 1,000)

	Company buildings and premises	Machinery and installations	Other* fixed equipment	In progress and prepayments	Right-of-use leases	Total tangible fixed assets
Movements in 2024						
Investment	1,187	653	2,695	5,720	683	10,938
Completed assets in progress	-	-	2,199	-2,199	-	-
Disposal (on balance)	-	-	-158	-	-66	-224
Depreciation	-2,094	-955	-5,550	-	-353	-8,952
Impairments	-	-	-278	-	-	-278
Net movements	**-907**	**-302**	**-1,092**	**3,521**	**264**	**1,484**
Disposals (Purchase price)	-23	-7,165	-4,241	-	-324	-11,753
Disposals (Depreciation)	23	7,165	4,083	-	258	11,529
Year-end 2024						
Purchase price	44,237	13,116	47,364	5,720	1,763	112,200
Depreciation including impairments	-28,007	-8,431	-32,218	-	-971	-69,627
Book value	**16,230**	**4,685**	**15,146**	**5,720**	**792**	**42,573**

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

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 2023) has been granted as security for bank debts. Lease liabilities entered into at the end of the financial year were €0.8 million (€0.5 million in 2023). Impairment is explained under ‘Impairment of assets’.

3. Financial fixed assets (€ x 1,000)

	2024	2023
Participations in group companies		
Value as at 1 January	10,673	10,687
Profit from continued operations	1,788	2,124
Profit from discontinued operations	-	81
Dividend payment	-554	-1,882
Exchange differences	518	-315
Sale of participation	-	-23
Other changes	4	1
Value as at 31 December	**12,429**	**10,673**
New borrowings issued to participations	2,000	-
Repayments of borrowings by participations	-	-
Total value at 31 December	**14,429**	**10,673**

On 31 May 2023, Nedap Beveiligingstechniek B.V. (NBT), was sold to Solid Systems Group B.V. This transaction was executed without the realisation of a financial gain on the sale of the shares that Nedap held in NBT. The result after taxation up to 31 May 2023 amounted to €81.

Dividend payments concern payments from Nedap FZE (€554).

In 2024, a loan of €2,000 was provided to Nedap Asia Ltd. No repayments were made during the year. Invoiced but unpaid interest for the financial year amounted to €90. The loan has a term of 20 years starting on 1 January 2024 and the interest rate agreed is 2.00% above the 12 month EURIBOR rate for a period of 12 months. Nedap Asia is allowed to make repayments and withdrawals without penalty to the maximum of the loan.

4. Inventories (€ x 1,000)

	2024	2023
Raw materials and components	6,778	6,354
Products in progress	475	171
Finished goods (procured and manufactured)	20,377	25,759
Total	**27,630**	**32,284**

Inventories recognized as an expense during the year ended 31 December 2024 amounted to €52.1 million. These were included in cost of materials and outsourced work. An amount of €2.8 million (€2.7 million in 2023) of inventories has been written down to a lower realizable value. Costs of write-down of inventory, which are recognized in cost of materials and outsourced work, amounted to €1.2 million in 2024 (€1.4 million in 2023).

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

	2024	2023
Trade receivables	27,470	24,081
Receivables from participations	-	2,670
Deferred tax assets	-	352
Other receivables and prepayments and accrued income	7,797	6,370
Total	**35,267**	**33,473**

Deferred tax assets and liabilities

Balance as at 31 December 2024	**Deferred tax assets**	**Deferred tax liabilities**
Tangible fixed assets	6	-
Intangible fixed assets	-	876
Anniversary benefits provision	3	-
Inventories	408	-
Other	147	145
Total before offsetting	**564**	**1,021**
Offsetting	-564	-564
Total after offsetting	**-**	**457**

	Deferred receivables	**Deferred liabilities**
Balance as at 31 December 2023 (before offsetting)	880	528
Offsetting	-528	-528
Balance as at 31 December 2023 (after offsetting)	**352**	**-**
Withdrawals	-371	-3
Additions	55	496
Balance as at 31 December 2024 (before offsetting)	564	1,021
Offsetting	-564	-564
Balance as at 31 December 2024 (after offsetting)	**-**	**457**

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

	2024	2023
Cash	-	-
Banks	1,523	7,148
Total	**1,523**	**7,148**

Cash and cash equivalents are available on demand.

7. Shareholders' equity (€ x 1,000)

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

Statutory reserves	2024	2023
Balance at 1 January	2,093	1,739
Movement in capitalized development costs	2,454	669
Movement in exchange differences	549	-315
Balance at 31 December	**5,096**	**2,093**

8. Provisions (€ x 1,000)

	2024	2023
Employee benefits	1,120	1,086
Guarantee provision	1,342	1,692
Total	**2,462**	**2,778**

Employee benefits	2024	2023
Anniversary benefits provision		
Balance at 1 January	1,086	1,004
Withdrawals	-112	-104
Additions	146	186
Balance at 31 December	**1,120**	**1,086**

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

Guarantee provision	2024	2023
Balance at 1 January	1,692	1,803
Withdrawals	-1,023	-1,075
Additions	673	964
Balance at 31 December	**1,342**	**1,692**

An amount of €0.9 million (€1.0 million in 2023) of the guarantee provision is of a short-term nature.

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

	2024	2023
Borrowings	14,000	14,000
Deferred tax liabilities	457	-
Lease liabilities	413	252
Total	**14,870**	**14,252**

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 all fixtures and fittings, inventories and trade receivables. The agreement does not contain any covenants. The interest rate is Euribor plus 1.2%.

10. Current liabilities (€ x 1,000)

	2024	2023
Bank overdrafts	-	-
Lease liabilities	393	289
Taxation and social security contributions	4,122	3,882
Trade payables and other liabilities and accruals and deferred income	29,578	28,289
Total	**34,093**	**32,460**

Bank overdrafts

The maximum overdraft under the facility is €25 million (€25 million in 2023).

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

Trade and other payables	2024	2023
Trade payables	13,340	13,034
Liabilities on account of investments	153	663
Prepayments	901	684
Liabilities to participations	2,305	-
Other liabilities and accruals and deferred income	12,879	13,908
Total	**29,578**	**28,289**

An amount of €0.1 million (€0.1 million in 2023) of other liabilities and accruals and deferred income relates to payables with a term of over one year.

Other information

Off-balance sheet rights and commitments

For corporate income tax purposes, Nedap N.V. formed a fiscal entity with Nedap Beveiligingstechniek B.V. up to 31 May 2023 at which time this subsidiary was sold.

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 within 12 months from the date of signing the financial statements for the year ended 31 December 2024. Furthermore these letters state, amongst others, Nedap N.V.'s intention to provide sufficient funds to ensure that these subsidiaries are able to meet normal trading liabilities as they fall due and confirms that current transfer pricing agreements will not be terminated within the aforementioned period of 12 months.

11. Revenue (€ x 1,000)

	2024	2023
Products, systems and installations	133,051	167,197
Software subscriptions (licenses) and services	97,757	81,043
Total	**230,808**	**248,240**

Software subscriptions (licenses) and services consist mainly of subscriptions and maintenance contracts for Healthcare, Retail, Security and Staffing Solutions.

Geographical sales areas	2024	2023
The Netherlands	99,949	93,595
Germany	28,238	33,715
Other Europe	61,206	62,051
North America	28,339	34,134
Other countries	13,076	24,745
Total	**230,808**	**248,240**

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

12. Personnel costs (€ x 1,000)

	2024	2023
Wages and salaries	69,473	65,126
Social security costs	9,764	8,229
Pension costs	4,844	4,677
Recharged to subsidiaries	-300	-263
Insourced staff	10,356	14,704
Other personnel costs	5,670	6,225
Total	**99,807**	**98,698**

The directors' remuneration details are disclosed in note 15 of the consolidated financial statements.

Average number of employees	2024	2023
The Netherlands	917	849
Other Europe	9	8
Total	**926**	**857**

13. Amortization (€ x 1,000)

	2024	2023
Development costs	345	182
Software and licenses	222	201
Total	**567**	**383**

14. Depreciation (€ x 1,000)

	2024	2023
Company buildings	2,094	2,067
Machinery and installations	955	989
Other fixed equipment	5,550	5,442
Right-of-use assets	353	330
Total	**8,952**	**8,828**

15. Impairment of assets (€ x 1,000)

	2024	2023
Impairment of assets	**278**	**-**

Impairment of assets relates to the scaling down of Staffing Solutions.

16. Other operating costs (€ x 1,000)

The costs of foreign exchange differences recognized in profit or loss amount to €-132 (2023: €260).

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

17. Taxation (€ x 1,000)

	2024	2023
Profit before taxation	**20,610**	**24,006**
Income tax	3,062	4,711
Deferred income tax	809	-141
Total income tax	**3,871**	**4,570**

Reconciliation of effective tax rate	2024		2023	
Income tax based on Dutch tax rate	5,317	25.8%	6,194	25.8%
Change in domestic tax rate	-14	-0.1%	-14	-0.1%
Effect of tax rate for foreign branch	16	0.1%	17	0.1%
Non-deductible expenditures	248	1.2%	425	1.8%
Tax incentive schemes	-1,356	-6.6%	-2,021	-8.4%
Rate change for deferred taxation	-335	-1.6%	59	0.2%
Prior-year adjustment	-5	0.0%	-90	-0.4%
Total	**3,871**	**18.8%**	**4,570**	**19.0%**

The change in the domestic tax rate is caused by a tax rate of 19% on the first €200 of taxable profit (19.0% on the first €200 of taxable profit in 2023). 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 Energy/ Environmental Investment Tax Credit (Energie/Milieu Investerings Aftrek) (€-12 (€-1 in 2023)), tax incentive schemes consist of benefits ensuing from application of the Innovation Box tax regime (€-1,344 (€-2,020 in 2023)).

Deferred tax assets and liabilities are measured at the weighted average tax rate, factoring in any arrangements under the Innovation Box tax regime.

Other information

Research and development costs

	2024	2023
Personnel and other operating costs	54,071	49,098
Amortization	345	182
Capitalized costs	-3,381	-1,595
Government grants	-844	-809
Total	**50,191**	**46,876**

Government grants relate mainly to tax rebates under the Dutch Research and Development (Promotion) Act (Wbso) on account of research and development 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 capitalized if the applicable IAS 38 criteria are met.

Stichting Medewerkerparticipatie Nedap

Stichting Medewerkerparticipatie Nedap shareholding (shares x 1)	2024	2023
Balance as at 1 January	217,722	193,565
Additions during the year	31,332	29,194
Bonus shares received	3,190	4,844
Withdrawn during the year	-10,557	-9,881
Balance as at 31 December	**241,687**	**217,722**

Shares purchased over the period from 2021 to 2024 are still locked up. Of the 241,687 shares held, 103,848 are still in the locked-up period.

The 103,848 locked-up depositary receipts entitle holders to 16,376 bonus depositary receipts (15,196 in 2023).
In 2024, 3,190 bonus depositary receipts were awarded (4,844 in 2023), 232 contingent bonus depositary receipts expired (215 in 2023) and 4,602 contingent bonus depositary receipts were awarded (4,658 in 2023), resulting in 16,376 potentially awardable bonus depositary receipts at year-end 2024 (15,196 in 2023). Stichting Medewerkerparticipatie Nedap holds 3.6% of the total issued share capital.

Profit appropriation

	2024	2023
Shareholder profit	18,527	21,641
Addition to (-)/ withdrawal from (+) other reserves	2,556	-668
Dividend payable on ordinary shares	**21,083**	**20,973**

Independent external audit fees

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

	2024	2023
Audit of financial statements	343	322
Limited assurance sustainability statement	210	-
Taxation	-	-
Other non-auditing services	-	-
Total	**553**	**322**

Financial statements signature

Groenlo, the Netherlands, 3 March 2025

Board of Directors

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

The Supervisory Board

Mr. P. A. M. van Bommel, chair
Mr. J. M. L. van Engelen, vice-chair
Ms. M. Pijnenborg
Mr. S. C. Santema
Ms. M. A. Scheltema

6.3 Independent auditor's report

To: the general meeting and the supervisory board of Nedap N.V.

Report on the audit of the financial statements 2024

Our opinion

In our opinion:

- the consolidated financial statements of Nedap N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2024 and of its result and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union ('EU') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Nedap N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2024 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2024 of Nedap N.V., Groenlo. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2024;
- the following statements for 2024: the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in shareholders' equity; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

The company financial statements comprise:

- the balance sheet of Nedap N.V. as at 31 December 2024;
- the statement of profit or loss of Nedap N.V. for the year then ended; and
- the notes to the company financial statements, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is IFRS Accounting Standards as adopted by the EU and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section ‘Our responsibilities for the audit of the financial statements’ of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Nedap N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the ‘Wet toezicht accountantsorganisaties’ (Wta, Audit firms supervision act), the ‘Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten’ (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Overview and context

Nedap N.V. is a company that develops, produces, or has third parties manufacture, and markets technologically innovative products and services. The development activities mainly take place at the head office in Groenlo, in what are known as business units. The group has nine foreign sites that support the sales of its products and solutions. Product manufacturing is largely outsourced to specialized partners. There is limited product manufacturing at Nedap’s own production facility in Groenlo.

The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section ‘The scope of our group audit’. In our audit, we paid particular attention to the head office in Groenlo, because it is individually financially significant. We also performed specific work for the site in the United States (Nedap Inc.).

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition risk related to climate change.

In the paragraph estimates in the notes of the financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. We have identified the capitalization of development costs as a key audit matter, as further explained in the section 'Key audit matters'. This is mainly related to the extent of the research and development costs incurred by the business units in developing new propositions, and the uncertainty associated with the future economic benefits of these propositions.

Furthermore, we identified the audit of revenue recognition as key audit matter given the variety in revenue streams, combined with the often informal nature of the internal controls. This key audit matter is also set out in the section 'Key audit matters'.

Nedap N.V. assessed the possible effects of climate change on its financial position. We discussed Nedap N.V.'s assessment and governance thereof with the board of directors and the Audit & Risk committee and evaluated the potential impact on the financial position including underlying assumptions and estimates. The expected effects of climate change are not considered to impact the key audit matter.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of a company that generates revenue through the development and sale of technologically innovative products and services. We therefore included specialists in the areas of IT audit in our team.

The outline of our audit approach was as follows:

Materiality

- Overall materiality: €2,000,000.

Audit scope

- The group audit mainly focused on Nedap N.V. An audit of the complete financial information has been carried out for this group company.
- Additionally, Nedap Inc. was included in the scope of the group audit to obtain sufficient coverage for the audit of individual items of the consolidated financial statements.
- Audit coverage: 95% of consolidated revenue, 90% of consolidated total assets and 95% of consolidated profit before tax.

Key audit matters

- Capitalizations of development costs; and
- Audit of revenue recognition.

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section ‘Our responsibilities for the audit of the financial statements’.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality
€2,000,000 (2023: €1,500,000).

Basis for determining materiality
We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 0.8% of total revenues.

Rationale for benchmark applied
We used total revenues as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that total revenues is the most relevant metric for the financial performance of the Company. Nedap is aiming for autonomous revenue growth, especially recurring revenue being less volatile and more predictable. Revenue growth and the percentage of recurring revenues are important KPIs. Additionally, revenue is the main driver of EBIT, which is another important KPI and bonus target. Therefore it has been concluded that revenue is the appropriate benchmark.

Component materiality
Based on our judgement, we allocate materiality to each component in our audit scope that is less than our overall group materiality.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above €100,000 (2023: €78,000) and reclassifications above €150,000 (2023: €150,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Nedap N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Nedap N.V.

We are responsible for the identification and assessment of the risks of material misstatement of the financial statements of the group, including those with respect to the consolidation process. Based on our risk assessment, we tailored the scope of our audit to ensure that we, in aggregate, performed sufficient work on the financial statements to enable us to provide an opinion on the financial statements as a whole.

In setting the scope of our group audit we determined what audit work needed to be performed at group level or component level and whether involvement of component auditors was necessary.

Based on this outcome, we subjected one component (Nedap N.V.) for the audit of the complete financial information, as this Group company is considered significant due to size. We further selected one component (Nedap Inc.) to be included in the scope of the group audit to achieve appropriate coverage on financial line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	95%
Total assets	90%
Profit before tax	95%

None of the remaining components represented more than 5% of total group revenue or total group assets.

The group engagement team performed the audit work for the group entity Nedap N.V. For component Nedap Inc. we used a component auditor.

Where a component auditor performed the work, we determined the level of involvement we needed to have in their work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component auditor of Nedap Inc. in the United States of America to perform specified procedures 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. The instructions included, among others, our risk analysis, materiality and the scope of the work. We explained to the component auditor the structure of the Group, the main developments that were relevant for the component auditor, the risks identified, the materiality levels to be applied and our global audit approach. We had individual calls with the component auditor both during the year and upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditor, their report, the findings of their procedures and other matters that could be of relevance for the consolidated financial statements.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Nedap N.V. and its environment and the components of the internal control system. This included the board of directors' risk assessment process, the board of directors' process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. We refer to section '3.2 Risk management & internal controls' of the annual report for the board of directors' informal risk assessment procedures and the Nedap Risk Management Framework and section 'Risk management' of the supervisory board report in which the supervisory board reflects on the fraud risks. We note that the board of directors has no separate fraud risk assessment as fraud risks are included in the overall risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as part of the Nedap Risk Management Framework as well as the code of conduct and whistleblower procedures. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the board of directors, as well as the internal audit department, legal affairs and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	Our audit work and observations
Management override of controls In all our audits we pay attention to the risk of management breaching internal control measures, including risks of possible material misstatements as a result of fraud in estimates based on an analysis of possible interests of management. Management receives bonuses, the size of which partly depends on the achievement of financial targets set by the supervisory board, as disclosed in the remuneration report. In addition, management has the opportunity to influence estimates due to the unique position in which it finds itself. In that context, we have paid special attention to the capitalized development costs, given the estimation element in this item.	To the extent relevant to our audit, we have evaluated the design of internal control measures to mitigate the risk of override of internal control in the processes for generating and processing journal entries and making estimates. We have selected journal entries based on risk criteria and performed specific audit procedures, whereby we also paid attention to identifying significant transactions outside the normal course of business. We also performed specific audit procedures with regard to important estimates made by management, including the capitalization of development costs. For this, we refer to the key audit matter section. We have paid particular attention to the inherent risk of management bias in the estimates. Our procedures have not revealed any material misstatements in the information provided by management in the financial statements and the director's report. Our procedures have not led to specific indications of fraud or suspicions of fraud with regard to the risk of management override of controls.

Fraud in revenue recognition	Our audit work and observations
This risk relates to the occurrence of revenue. Management has been given targets for growth in revenue and results, as explained in chapter 4.2 'Remuneration report 2024' of the annual report. This could put pressure on management to overstate revenue by recognising fictitious revenue.	To the extent relevant to our audit, we have evaluated the design of internal controls surrounding revenue recognition and the processes for generating and processing journal entries regarding revenue. We have carried out specific work on the occurrence of revenues: - We have sample tested the settled revenue transactions against the underlying sales invoices and cash receipts. - The unsettled revenue transactions have been sample tested by sending out accounts receivable confirmations at year-end date. - We carried out substantive procedures on the credit notes during the year and after the end of the financial year. - We have selected journal entries based on risk criteria related to revenue and performed specific audit procedures. - For revenue from healthcare solutions, we tested the control with regard to the monthly comparison between the subledger and the license database. Furthermore, we substantively tested the revenue from services for certain business units by reconciling the sales transactions to the underlying license databases. Our work has not revealed any material misstatements in the information provided by management in the financial statements and the director's report. Our work has not led to specific indications of fraud or suspicions of fraud with regard to the occurrence of revenue recognition.

We incorporated an element of unpredictability in our audit. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern

As disclosed in section 'Going concern' within the notes to the financial statements the board of directors performed their assessment of the entity's ability to continue as a going concern for at least 12 months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks).

Our procedures to evaluate the board of directors' going-concern assessment included, amongst others:

- considering whether the board of directors' going-concern assessment included all relevant information of which we were aware as a result of our audit and inquiring with the board of directors regarding the board of directors' most important assumptions underlying its going-concern assessment;
- evaluating the board of directors' current budget including cash flows for at least 12 months from the date of preparation of the financial statements taken into account current developments in the industry and all relevant information of which we were aware as a result of our audit;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations;
- performing inquiries of the board of directors as to its knowledge of going-concern risks beyond the period of the board of directors' assessment.

Our procedures did not result in outcomes contrary to the board of directors' assumptions and judgements used in the application of the going-concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

Key audit matter	Our audit work and observations
Capitalizations of development costs The disclosure of intangible fixed assets is included in disclosure note 1 in the financial statements. The disclosure on research and development costs is included in the 'Other information' section of the consolidated financial statements. Research and development for new propositions is part of the core activities of Nedap N.V. Costs incurred for research are charged directly to the result before taxation. The development costs for propositions that have been determined to be technically feasible and that have sufficient market potential are administered for separately per proposition. Based on the internally defined capitalization criteria, which comply with IAS38, a decision is made for each individual proposition whether the development costs can be capitalized as intangible fixed assets. If the costs do not meet the capitalization criteria, they are charged directly to the result before taxation. At year-end 2024, the capitalized development costs amount to €3.4 million (December 31, 2023: €1.6 million). In the statement of profit and loss, €50 million (2023: €47 million) research and development costs has been charged to the result before taxation. As explained in the 'Other information' section of the consolidated financial statements, these costs largely relate to the maintenance, upgrades and further development of existing propositions and to a lesser degree to the actual research and development for new propositions. The distinction between the development of a new proposition and the further development and/or maintenance of an existing proposition cannot always be determined factually. In addition, there is uncertainty as to whether propositions will ultimately lead to future economic benefits. As a result of these aspects, as well as the material amounts involved in research and development, we have identified the capitalization of development costs as a key audit matter.	We tested the assessment made by management regarding the capitalization of development costs based on the capitalization criteria from IAS 38, interviews with employees and management involved, reading minutes and consulting public sources. We also took note of the internal processes surrounding the administration and management of research and development costs. Since the internal controls at transaction level are not always formally and/or visibly recorded, we have carried out a substantive audit of the administration at proposition level per business unit. We have tested the accuracy of the capitalized development costs by testing the applicable principles for capitalization, including the assessment of the principles and assumptions regarding the technical feasibility of the propositions as well as management's analysis of the future economic benefits. With regard to the completeness of the capitalized development costs, we sample tested various propositions based on size and risk. Based on interviews, project plans, progress reports and other documentation, we determined that the principles used for not capitalizing these propositions and development costs are appropriate based on the criteria of IAS 38. Based on professional judgment and the explanations and substantiations per proposition, we agree with the development costs capitalized by management.

Audit of revenue recognition	Our audit work and observations
The disclosure of revenues is included in disclosure note 14 in the financial statements.	We have tested the accuracy of the revenues by testing the operating effectiveness of the monthly control on standing data changes in revenue prices. Furthermore, through our own detailed observations by sample testing the revenue recognized in the general ledger against the performance obligations in the underlying sales agreements and sales invoices. Based on sample testing, we have reconciled the settled revenue transactions against the underlying sales invoices and cash receipts. The unsettled revenue transactions have been sample tested by sending out accounts receivable confirmations at year-end. We carried out substantive procedures on the credit notes during the year and after the end of the financial year. Regarding the completeness of revenue from the delivery of products, we have performed detailed testing of underlying sales transactions of hardware products. For revenue from healthcare solutions, we tested the control with regard to the monthly comparison between the subledger and the license database. Furthermore, we substantively tested the revenue from services for certain business units by reconciling the sales transactions to the underlying license databases. We have verified the cut-off by sample testing, the revenue recognized in the general ledger against the sales invoices and delivery notes for both the periods before and after year-end. For the cut-off of revenue from services, we performed analytical procedures to identify discrepancies in the revenue that is recognized on a monthly basis. We did not identify any misstatements based on the procedures performed.
The revenue of Nedap N.V. consists of various contract forms with elements of the delivery of products, services (consisting of subscriptions, maintenance contracts and licenses) and combinations thereof, all of which have a separate transaction price. The agreed performance obligations may have an impact on the moment at which revenues may be recognized, in accordance with the requirements of IFRS 15. In the organizational culture of Nedap N.V., informal checks and balances, such as management's close involvement, are key elements of the governance and internal control environment. Internal controls 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 recognized in the financial statements.	

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The board of directors and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of Nedap N.V. on 2 April 2015 by the supervisory board and have been reappointed for a three-year period on 12 April 2022. This followed the passing of a resolution by the shareholders at the annual general meeting held on 2 April 2015 and on 12 April 2022. Our appointment now represents a total period of uninterrupted engagement of 9 years.

European Single Electronic Format (ESEF)

Nedap N.V. has prepared the annual report in ESEF. The requirements for this are set out 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 on ESEF).

In our opinion, the annual report prepared in XHTML format, including the marked-up consolidated financial statements, as included in the reporting package by Nedap N.V., complies in all material respects with the RTS on ESEF.

The board of directors is responsible for preparing the annual report, including the financial statements in accordance with the RTS on ESEF, whereby the board of directors combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N ‘Assuranceopdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument’ (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:
- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company or its controlled entities, for the period to which our statutory audit relates, are disclosed in the notes to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors and the supervisory board for the financial statements

The board of directors is responsible for:
- the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the EU and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The board of directors should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Zwolle, 3 March 2025
PricewaterhouseCoopers Accountants N.V.

F.S. van der Ploeg RA

Appendix to our auditor's report on the financial statements 2024 of Nedap N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements
We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

6.4 Limited assurance report of the independent auditor on the sustainability statement

To: the general meeting and the supervisory board of Nedap N.V.

Our limited assurance conclusion

Based on the procedures we have performed and the assurance evidence we have obtained, nothing has come to our attention that causes us to believe that the consolidated sustainability statement of Nedap N.V. (hereafter: the company) for 2024 is not, in all material respects,

- prepared in accordance with the European Sustainability Reporting Standards (ESRS) as adopted by the European Commission and in accordance with the process to identify the information to be reported carried out by the company to identify the information reported pursuant to the ESRS; and
- compliant with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).

The subject matter of our limited assurance procedures

We have conducted a limited assurance engagement on the consolidated sustainability statement of Nedap N.V., Groenlo for 2024, included in section sustainability statement of the directors' report including the information incorporated in the sustainability statement by reference (hereafter: the sustainability statement).

In the sustainability statement, references are made to external sources or websites. The information on these external sources or websites is not subject to our limited assurance procedures for the sustainability statement. We therefore do not provide assurance on this information.

The basis for our conclusion

We conducted our limited assurance engagement in accordance with Dutch law, including the Dutch Standard 3810N 'Assuranceopdrachten inzake duurzaamheidsverslaggeving' (assurance engagements relating to sustainability reporting), which is a specific Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance engagements other than audits or reviews of historical financial information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the limited assurance engagement on the sustainability statement' of our report. We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our independence and quality management

We are independent of Nedap N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of ethics for professional accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of ethics for professional accountants).

PwC applies the applicable quality management requirements pursuant to the 'Nadere voorschriften kwaliteitsmanagement' (NVKM – Regulations for quality management) and the International Standard on Quality Management (ISQM) 1, and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Emphasis of matters

Emphasis on the double materiality assessment process

We draw attention to section 5.3 Material sustainability matters and subsection 5.4.4 Statement on due diligence of the sustainability statement. The disclosures in these sections explain possible future changes in the ongoing due diligence and double materiality assessment process, including engagement with affected stakeholders. Due diligence is an on-going practice that responds to and may trigger changes in the company's strategy, business model, activities, business relationships, operating, sourcing and selling contexts relevant for stakeholders as a group. The double materiality assessment process may also be impacted in time by sector-specific standards to be adopted. The sustainability statement may therefore not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder may consider important in its own assessment.

Emphasis on significant measurement uncertainties

We draw attention to subsections 5.6.4 Resource outflows and 5.5.6 GHG emissions metrics in the sustainability statement that identify the quantitative metrics for durability and GHG scope 3 emissions that are subject to a high level of measurement uncertainty and disclose information about the sources of measurement uncertainty and the assumptions, approximations and judgements the company has made in measuring these in compliance with the ESRS.

Our conclusion is not modified in respect of these matters.

Corresponding information not subject to assurance procedures

The corresponding information in the sustainability statement and thereto related disclosures with respect to previous years have not been subjected to reasonable or limited assurance procedures.

Inherent limitations in preparing the sustainability statement

In reporting forward-looking information in accordance with the ESRS, the board of directors of the company is required to prepare the forward-looking information based on disclosed assumptions about events that may occur in the future and possible future actions by the company. The actual outcome is likely to be different since anticipated events frequently do not occur as expected. Forward-looking information relates to events and actions that have not yet occurred and may never occur. We do not provide assurance on the achievability of this forward-looking information.

The comparability of sustainability information between entities and over time may be affected by the lack of historical sustainability information in accordance with the ESRS and by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques, especially in the initial years.

Calculations to determine information as included in the sustainability statement could be based on assumptions and sources from third parties that include information about, among others, value chain and information collected from actors in the value chain, when appropriate. We have not performed procedures on the content of these assumptions and these external sources, other than evaluating the suitability and plausibility of these assumptions and sources from third parties used.

Responsibilities for the sustainability statement and the review thereon

Responsibilities of the board of directors and the supervisory board for the sustainability statement

The board of directors of Nedap N.V. is responsible for the preparation of the sustainability statement in accordance with ESRS, including the development and implementation of the double materiality process, which is a process to identify the information reported in the sustainability statement in accordance with the ESRS and for disclosing this process in the sustainability statement.

This responsibility includes:
- understanding the context in which Nedap's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the company's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions and estimates that are reasonable in the circumstances.

The board of directors is also responsible for preparing the disclosures in compliance with the reporting requirements provided in Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

The board of directors is also responsible for selecting and applying the additional entity-specific disclosure to enable users to understand the company's sustainability-related impacts, risks or opportunities and for determining that these additional entity-specific disclosures are suitable in the circumstances and in accordance with the ESRS.

Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the sustainability statement that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the company's sustainability reporting process including the double materiality process carried out by the company.

Our responsibilities for the limited assurance engagement on the sustainability statement

Our responsibility is to plan and perform the limited assurance engagement in a manner that allows us to obtain sufficient appropriate assurance evidence to provide a basis for our conclusion.

Our objectives are to obtain a limited level of assurance, as appropriate, about whether the sustainability statement is free from material misstatements, and to issue a limited assurance conclusion in our report. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the sustainability statement. The procedures vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance obtained in a reasonable assurance engagement.

Our other responsibilities in respect of the limited assurance engagement on the sustainability statement include:

- Performing risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the sustainability statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the assurance engagement, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements. Our procedures included, amongst others, the following:

- Performing inquiries and an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, the characteristics of the company, its activities and the value chain and its key intangible resources to assess the process to identify the information to be reported carried out by the company as the basis for the sustainability statement and disclosure of all material sustainability-related impacts, risks and opportunities in accordance with ESRS.
- Obtaining through inquiries a general understanding of the internal control environment, the company's processes for gathering and reporting entity-related and value chain information, the information systems and the company's risk assessment process relevant to the preparation of the sustainability statement and for identifying the company's activities, determining eligible and aligned activities and prepare the disclosures provided for in the Taxonomy Regulation, without testing the operating effectiveness of controls.
- Assessing the double materiality process carried out by the company and identifying and assessing areas of the sustainability statement, including the disclosures provided for in the Taxonomy Regulation where misleading or unbalanced information or material misstatements, whether due to fraud or error, are likely to arise. We designed and performed further assurance procedures aimed at determining that the sustainability statement is free from material misstatements responsive to this risk analysis.
- Considering whether the description of the process to identify the information to be reported in the sustainability statement made by the board of directors appears consistent with the process carried out by the company.
- Evaluating the methods, assumptions and data for developing estimates and forward-looking information. Assessing whether the company's methods for developing estimates are appropriate and have been consistently applied for selected disclosures. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the company's estimates.
- Analysing, on a limited sample basis, relevant internal and external documentation at the level of the company (including other entities or value chain from which the information may stem) for selected disclosures.
- Determining the nature and extent of the procedures to be performed for the group components. For this, the nature, extent and/or risk profile of these components are decisive. Our procedures were performed centrally.
- Reading the other information in the annual report to identify material inconsistencies, if any, with the sustainability statement.
- Considering whether the disclosures provided to address the reporting requirements provided for in the Taxonomy Regulation for each of the environmental objectives, reconcile with the underlying records of the company and are consistent or coherent with the sustainability statement, appear reasonable, in particular whether the eligible economic activities meet the cumulative conditions to qualify as aligned and whether the technical criteria are met, and whether the accompanying key performance indicators disclosures have been defined and calculated in accordance with the Taxonomy reference framework, and comply with the reporting requirements provided for in the Taxonomy Regulation, including the format in which the activities are presented.
- Reconciling the relevant financial information to the financial statements.
- Considering the overall presentation, structure and the balanced content of the sustainability statement, including the reporting requirements provided for in the Taxonomy Regulation.
- Considering, based on our limited assurance procedures and evaluation of the assurance evidence obtained, whether the sustainability statement as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with ESRS.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the limited assurance engagement and significant findings that we identify during our limited assurance engagement.

Zwolle, 3 March 2025
PricewaterhouseCoopers Accountants N.V.

F.S. van der Ploeg RA

6.5 Profit appropriation

In accordance with article 43 of association

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.

6.6 Companies & management

At 3 March 2025

Headquarters

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

Parallelweg 2
7141 DC Groenlo
The Netherlands

Business units

Healthcare | Mr. A. C. Foeken (1981)
Livestock | Mr. M. H. J. Idink (1982)
Retail | Mr. O. F. J. van den Broek (1984)
Security | Mr. R. Schuurman (1969) a.i.
UV | Mr. J. Somsen (1964)

Subsidiaries

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

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

Nedap NZ Ltd. | Mr. M. D. Wilson (1982)
BDO Christchurch Lt., Level 4
287-293 Durham Street North
Christchurch 8013
New Zealand

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

Nedap Deutschland GmbH | Mr. J. Rutgerink (1989)
Mies van der Rohe Business Park, Girmesgath 5,
Gebäude B1, 3.OG 47803 Krefeld
Germany

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

Nedap Iberia S.A.U. | Mr. K. J. van de Groep (1982)
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. M. van Cauwenberghe (1979)
Dubai Digital Park, Office 402,
Building A4
P.O. Box 341213 Dubai
Silicon Oasis
United Arab Emirates

North America
Nedap Inc. | Mr. G. B. P. Gozdek (1979)
800 District Avenue, Suite 510
Burlington, MA 01803
United States of America

Branches

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

7. Other information

7.1 Five-year summary

Operations (€ x 1,000)	**2024**	2023	Excluding NBT 2022	Including NBT 2022	2021	2020
Revenue	**251,606**	**262,426**	**229,479**	**230,559**	**207,012**	**189,916**
Revenue growth	-4%	**14%**	-	11%	9%	-1%
Recurring revenue[1]	**100,193**	**84,127**	**70,756**	**70,983**	**58,535**	**50,666**
Growth in recurring revenue	19%	19%	-	21%	16%	14%
Recurring revenue as % of total revenue	40%	32%	31%	31%	28%	27%
Added value[2]	**179,898**	**180,979**	**153,568**	**154,544**	**139,325**	**125,098**
- as % of revenue	71%	69%	67%	67%	67%	66%
- per FTE	181	197	186	186	180	169
Research and development costs[3]	**50,191**	**46,876**	**40,419**	**40,419**	**36,732**	**34,972**
- as % of revenue	20%	18%	18%	18%	18%	18%
EBITDA excluding one-off items *	**34,633**	**37,430**	**33,136**	**33,458**	**33,214**	**26,503**
Operating profit	23,889	27,323	23,545	23,790	23,072	17,119
- as % of revenue	9%	10%	10%	10%	11%	9%
Operating profit excluding one-off items *	23,889	27,323	23,545	23,790	23,072	17,119
- as % of revenue	9%	10%	10%	10%	11%	9%
Operating profit growth	-13%	16%	-	3%	35%	-2%
Profit for the financial year[4]	**18,527**	**21,641**	**18,704**	**18,704**	**18,284**	**13,751**
- as % of revenue	7%	8%	8%	8%	9%	7%

* A specification of one-off items, as applicable, is provided in the report for the financial year to which these items relate.

1 Revenue from software subscriptions (licenses) and services.

2 Added value per FTE is revenue plus or less inventory movements, the cost of materials, outsourced work and logistics costs divided by the average number of FTEs.

3 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 capitalized if the applicable IAS 38 criteria are met.

Per share [1] (in €)	2024	2023	Excluding NBT 2022	Including NBT 2022	2021	2020
Operating cash flow	**4.39**	4.56	-	2.71	4.36	4.69
Profit for the financial year	**2.82**	3.31	-	2.87	2.82	2.13
Profit excluding one-off items	**2.82**	3.31	-	2.87	2.82	2.13
Dividend *	**3.20**	3.20	-	3.00	3.00	4.50
Pay-out ratio	**113%**	97%	-	105%	106%	211%
Outstanding shares						
Year-end [2]	6,588,525	6,554,003	6,519,965	6,519,965	6,486,501	6,468,343
Yearly average[2]	6,581,074	6,546,636	6,512,369	6,512,369	6,482,444	6,465,033
Number of employees						
Year-end	1,041	1,028	909	915	820	805
Yearly average	1,040	969	863	868	812	775
Number of FTEs						
Year-end	999	977	866	872	786	766
Yearly average	996	921	824	829	775	741

* The dividend for 2020 includes a one-off interim dividend payment, following a previous decision to withdraw the dividend proposal for 2019 on account of the COVID-19 pandemic.

[1] Based on the average number of outstanding shares; dividend is based on the number of outstanding shares at the end of the financial year.

[2] Explained in note 7 to the consolidated financial statements.

Financing (€ x 1,000)	**2024**	2023	Excluding NBT 2022	Including NBT 2022	2021	2020
Net debt	9,643	3,844	-3,354	-3,483	-15,615	-11,579
Net debt-to-EBITDA excluding one-off items	0.3	0.1	-0.1	-0.1	-0.5	-0.4
Shareholders' equity[1]	83,703	85,331	81,194	81,194	80,306	73,253
Balance sheet total	137,382	139,866	134,488	134,677	131,511	119,076
Solvency[2]	61%	61%	60%	60%	61%	62%

[1] Shareholders’ equity includes undistributed profit.

[2] Solvency is the shareholders’ equity divided by the balance sheet total.

Utilization of capital (€ x 1,000)	**2024**	2023	Excluding NBT 2022	Including NBT 2022	2021	2020
Inventories	32,038	38,904	27,746	28,343	23,466	23,062
- as % of revenue	13%	15%	12%	12%	11%	12%
Net working capital[1]	34,956	35,010	31,987	32,582	22,127	19,535
- as % of revenue	14%	13%	14%	14%	11%	10%
ROIC[2]	26%	31%	30%	31%	36%	28%

[1] Net working capital is current assets excluding cash and cash equivalents, less employee benefits, provisions, deferred tax liabilities, income tax payable, taxation and social security contributions, lease liabilities, trade liabilities and other payables.

[2] Return On Invested Capital (ROIC) represents operating profit divided by the invested capital (fixed assets + net working capital - associate).

7.2 Nedap shares

Euronext Amsterdam listing

Nedap has been listed on the Amsterdam stock exchange, which is currently known as Euronext Amsterdam, since 1947, trading under the ticker symbol NEDAP and ISIN code NL0000371243. Nedap is included in the AScX index. All Nedap outstanding shares are ordinary shares with a nominal value of €0.10. As at 31 December 2024, a total of 6,588,525 ordinary shares were outstanding.

Substantial participations

In the context of notifications regarding major holdings and capital interests, stakes of 3% or more in the issued share capital must be reported to the Dutch Authority for the Financial Markets. The table below lists all notifications to the Dutch Authority for the Financial Markets through to mid-February 2025.

Shareholders	Stake in Nedap
Cross Options Beheer B.V.	14.61%
Teslin Participaties Coöperatief U.A.	10.19%
NN Group N.V.	9.97%
ASR Nederland N.V.	8.20%
Steflot S.à r.l.	7.45%
Add Value Fund N.V.	5.08%
Decico B.V.	5.01%
Stichting Medewerkerparticipatie Nedap	3.35%

Dividend policy

Nedap's dividend policy ensues from the company’s strategy and long-term policy. The policy is made based on a careful assessment of how much of the profit is deemed necessary for investments in profitable growth and the intended financing structure. The remaining amount is paid out to shareholders in full.

Liquidity provider

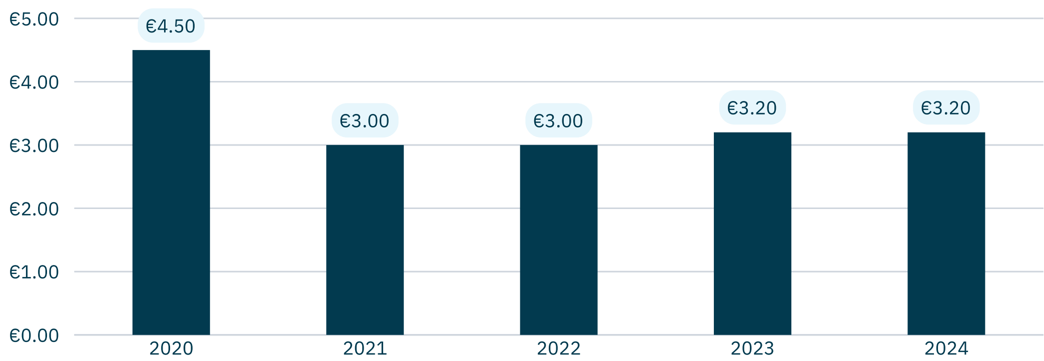
Kepler Cheuvreux has been the company’s liquidity provider since 1 March 2020.

Financial calendar

Trading update - Q1	8 April 2025
Annual general meeting	17 April 2025
Ex-dividend date	23 April 2025
Record date	24 April 2025
Dividend payable date	30 April 2025
Publication of half-yearly figures	17 July 2025
Trading update - Q3	16 October 2025

Nedap shares

Dividend per share



Investor Relations

Nedap sets great store by maintaining a close and open dialogue with its shareholders to provide them with insight into the organization and the markets in which we operate. We stay in touch with shareholders and interested institutional investors, both in the Netherlands and beyond, through conferences, road shows and one-on-one meetings. During the Capital Markets Day in November 2024, we presented our strategic update and shared our Create & Scale strategy. All publications, presentations and meetings in this context adhere to current rules and guidelines set by the industry regulator, i.e., the Dutch Authority for the Financial Markets. Informing all stakeholders immediately and simultaneously always comes first in this respect. Daniëlle van der Sluijs (CFO) is the point of contact for Investor Relations at Nedap.

Prevention of misuse of inside information

Being a listed company, Nedap has an Insider Trading Policy that lays down our policy with respect to preventing the misuse of inside information. This policy governs all employees, directors, Supervisory Board members and any external staff where relevant. The Insider Trading Policy is available on https://nedap.com/nl/investeerders/corporate-governance/.

The inside information compliance officer oversees compliance with laws and regulations on the misuse of inside information.

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