ANNUAL REPORT 2023

Steady progress on strategic priorities

NILFISK

AT A GLANCE

Global presence

We are a world-leading global provider of professional cleaning products and services

100+
Countries
Our products and services are sold in more than 100 countries across the globe.

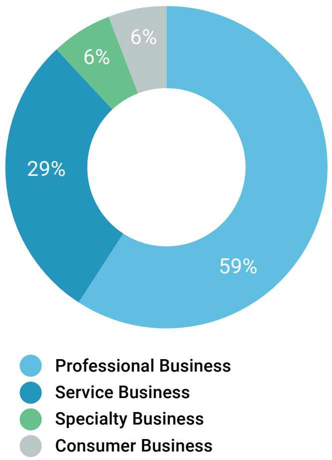
40+
Sales companies
We have sales companies in more than 40 countries around the world.

9
Manufacturing sites
Nilfisk relies on asset-light assembly-focused production. The main manufacturing facilities are located in the US, Mexico, Hungary, Italy, and China.

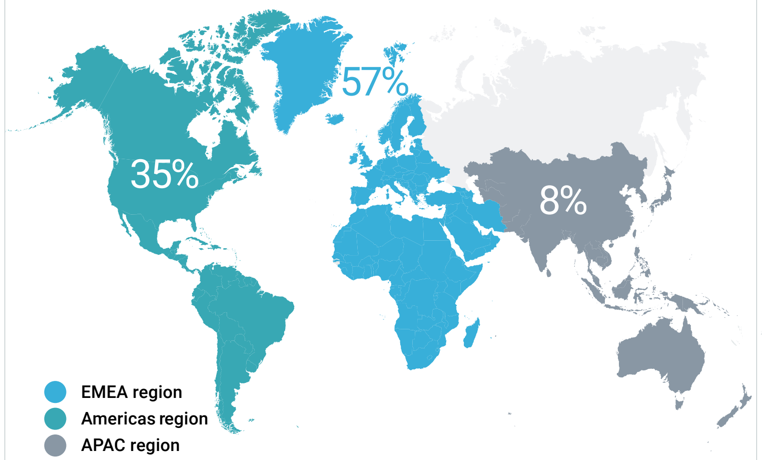
5
R&D facilities
Product development for most products is managed from three competence centers, one in each region.

7
Distribution facilities
Our distribution facilities are located in Americas, Europe, and Asia. We also provide direct shipment from selected manufacturing sites.

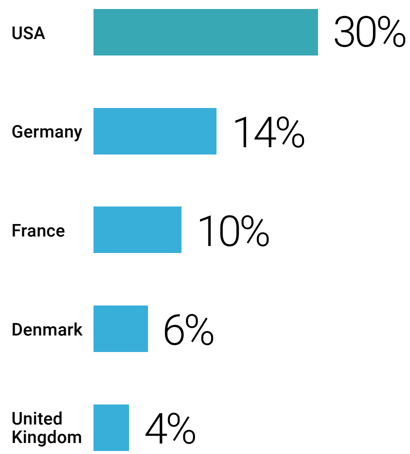
Revenue
Share of revenue 2023



Regions
Share of revenue 2023



Key markets
Share of revenue 2023



Founded in 1906
It was in 1906 that Peder Andersen Fisker established Nilfisk, inspired by his love of knowledge and ambition to build a company that made the best electrical engines. Since then, we have been committed to delivering innovative cleaning solutions and growing our business to lead the industry.

Total revenue 2023
1,033.6 mEUR

EBITDA margin before special items
EBITDA margin before special items realized in line with the latest outlook announced on November 16, 2023.

12.8%

Employees
Approximate number of FTEs

4,700

AT A GLANCE

The customers we serve

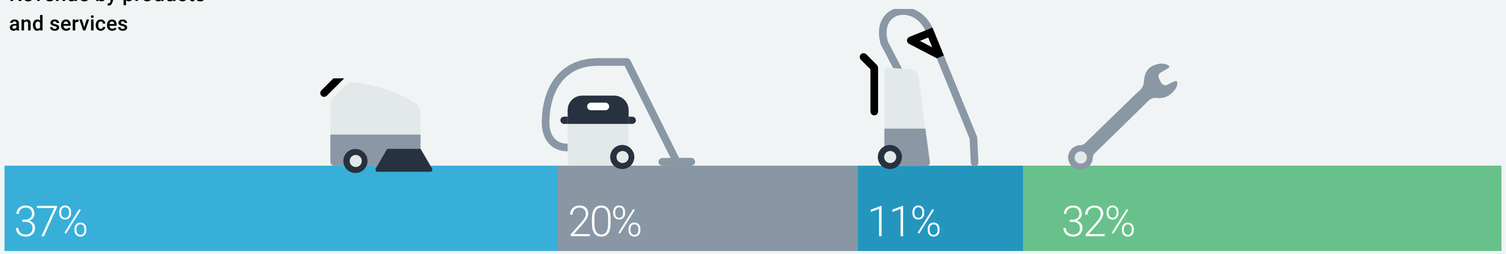
The need for cleaning is universal, and the effect of clean is valuable to our customers everywhere. Nilfisk serves customers around the world, targeting strategic customer segments and key applications.

- Agriculture
- Automotive
- Building & Construction
- Contract cleaners
- Education
- Food & Beverage
- Healthcare
- Consumer
- Hospitality
- Iron & Metal
- Manufacturing
- Offices & Public buildings
- Pharma
- Retail
- Warehousing & Logistics

Our solutions

With a product portfolio spanning from advanced industrial vacuum solutions to high-pressure washers and floorcare equipment, Nilfisk has unique range in terms of breadth and depth.

Revenue by products and services



Floorcare

Scrubber dryers, sweepers, combination machines, carpet extractors, burnishers.

Vacuum cleaners

Commercial vacuum cleaners, wet & dry vacuum cleaners, industrial solutions, vacuum cleaners for consumer market.

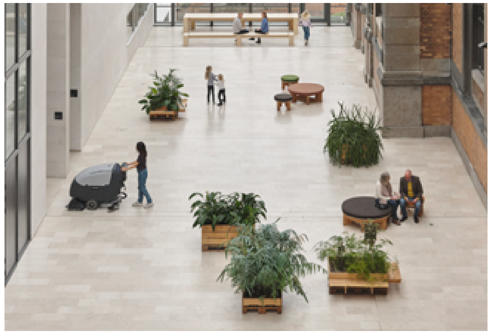
High-pressure washers

Professional pressure washers that use hot/cold water, stationary pressure washers, petrol/diesel driven pressure washers, high-pressure washers for consumer market.

Aftermarket

Service, parts, accessories, and consumables across all four business segments.

Management Review



Financial Statements

A year with steady progress delivering on strategic priorities

In 2023, we dedicated our focus to developing Nilfisk according to our Business Plan 2026, which we launched in 2022. We invested in our growth platforms and laid the foundations for future success. We targeted the elements that will place us in the right position to create stable long-term growth. Most of our financial business metrics showed solid progress during the year. All in all, we are coming out of 2023 with a stronger platform.

However, 2023 was also another year impacted by conflicts, natural disasters, and inflationary pressures affecting people, governments, and businesses all over the world. The challenges have required all of us to find new ways of navigating changed circumstances. In this environment we pursued pockets of growth across regions and customer segments. Consequently, we have delivered largely in line with our plans.

We end the year with organic growth of -0.3% in 2023, in line with the latest outlook announced on November 16, 2023. Market dynamics affected parts of our business in different ways. Organic growth in the professional segment excluding Private Label was flattish, as price management was able to offset declining volumes. The effects of the economic slowdown affected demand in EMEA in the first half of 2023, while Americas saw declining demand in the second half. Growth in APAC has been solid throughout the year.

The Service Business grew, benefitting from our strategic focus and solid demand. However the progress is not fully according to our expectations.

> We adapted the business to the challenging circumstances with concrete actions. Consequently, we have delivered largely in line with our plans.

Peter Nilsson
Chair

Our Specialty Business was impacted by declining demand across Americas and EMEA, leading to negative organic growth. Revenue from the Consumer Business declined organically for the full year, but growth returned in the second half of 2023.

Business Plan 2026 in its second year: A foundation for growth
We took important steps during the year to build a strong foundation that will act as a catalyst for the acceleration of Business Plan 2026 in the years ahead.

For example, in spring 2022 we changed the Americas from being a sales-only region to become a full P&L region. The new setup has proven to promote collaboration and alignment across all functions while improving customer service.

In 2023 we have followed this up and created EMEA and APAC as regions with a similar setup. The regions have a clear mandate to move closer to our customers, strengthening our value creation potential. We have taken major steps in professionalizing and scaling our service offering.

As a result of our initiatives, we are seeing a shift from ad hoc services to more structured services including planned maintenance. Another strategic priority in our Business Plan 2026 is to lead with sustainable products. The year 2023 was a step forward-year in terms of product vitality.

Alongside the work with new product lines and platforms, we upgraded our existing products, introducing new features in both our professional and consumer ranges. The year has also been formative in developing new products that will be launched in 2024.

> In 2023, we invested in growth platforms and laid the foundations for future success.
>
> **René Svendsen-Tune**
> CEO

We continued to enhance our supply chain robustness in accordance with our business plan. Though our business in Americas was to some extent affected by longer-lasting supply chain constraints, manufacturing output in our US production facility improved gradually over the year. We invested in capacity expansion for our large Floorcare equipment, increased dual sourcing of key components, and enhanced production line efficiencies.

Considering the macroeconomic environment and Nilfisk's current momentum, Nilfisk expects organic growth for 2024 to be between 3% and 6% and an EBITDA margin before special items to be between 13% and 15%.

Adopting sustainability broadly in the organization
In 2023, our sustainability efforts have become even more engrained in our core business. Our internal processes direct our teams to act in a sustainable manner. We have rolled out a new fleet policy, continuing the transition towards electric vehicles and we are installing solar panels on the roofs of our buildings.

In 2023, Nilfisk was awarded a Silver Medal by EcoVadis. This result put Nilfisk in the 86th percentile among all companies reporting into EcoVadis, scoring 20 points above the industry average. We upheld our strong carbon disclosure score from CDP for the 4th consecutive year receiving a score of A-.

In our Business Plan 2026, we have set a near-term target to increase the equal representation of the underrepresented gender in senior management positions. In 2023, we reached 30%, bringing us close to our target to have 34% of the underrepresented gender in top management by 2026, while pursuing equal representation by 2030.

In 2023, we again donated cleaning machines to a hospital in a conflict zone in Ukraine.

Changes to the executive management
Torsten Türling stepped down as CEO of Nilfisk on August 17, 2023, due to family reasons. The Board of Directors appointed Deputy Chair René Svendsen-Tune as interim CEO of Nilfisk as of August 18, 2023. After conducting a thorough search process, the Board of Directors at Nilfisk announced the appointment of Jon Sintorn as new CEO on December 17, 2023. René Svendsen-Tune will stay on as Interim CEO of Nilfisk until Jon Sintorn assumes the role, which will be no later than July 1, 2024.

The work continued to strengthen Nilfisk management by adding new competencies both to the board and to Nilfisk Leadership Team. We are entering 2024 with stronger management, with new board members bringing increased international experience and industry-relevant competencies to Nilfisk. This will benefit Nilfisk in both the medium and long term.

Thank you for the support
We would like to thank our customers for their continued loyalty and belief in Nilfisk. We have benefitted immensely from the feedback we have received during the year of working even closer together.

We would also like to extend a thank you to our shareholders for their continued support. We appreciate your dedication to us and our solutions to navigating through an unpredictable economic climate. Finally, a special thanks goes to our dedicated employees worldwide who continue to strive for excellence in everything we do. The unique Nilfisk spirit that we all feel is created by every single one of you bringing your professional skills and your dynamic personalities with you to work every day.

On behalf of Nilfisk

Peter Nilsson
Chair

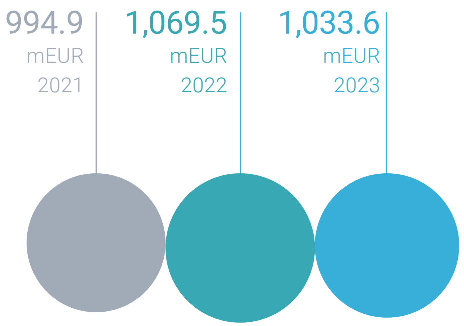
René Svendsen-Tune
President & CEO

Financial highlights 2023

Nilfisk delivered an acceptable set of results with solid progress on a number of financial business metrics. Organic revenue growth and EBITDA margin before special items were in line with the latest outlook announced on November 16, 2023.

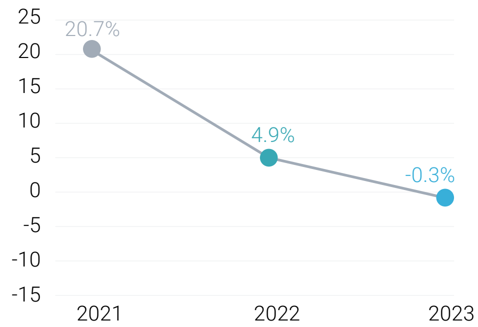
1,033.6 mEUR
Revenue

Total revenue was 3.4% lower than in 2022, driven by muted demand for products across categories. Demand for services remained strong and price management across the business supported revenue.



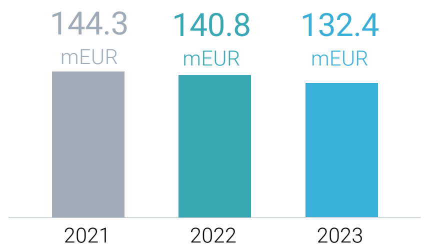
-0.3%
Organic growth

Organic growth (OG) for the total business was -0.3%. Service delivered strong OG of 5.5%. Professional and Specialty declined despite strong growth in APAC. Consumer declined, negatively impacting overall OG, but grew in the second half of 2023.



132.4 mEUR
EBITDA before special items (bsi)

EBITDA bsi was lower by 8.4 mEUR. The gross margin improvement was driven by strong price management to actively mitigate cost inflation on raw materials and labor rate increases. A favorable product mix and lower freight costs also benefited EBITDA bsi, but did not fully offset lower volumes and higher overhead costs.



12.8%
EBITDA margin before special items (bsi)

The EBITDA margin bsi came to 12.8%, a decline of 0.4 percentage point. The tailwind from the solid increase in gross margin only partly offset the impact from the decline in revenue and the higher overhead cost.

14.5% 2021 | 13.2% 2022 | 12.8% 2023

35.3 mEUR
Profit for the year

Profit for the year amounted to 35.3 mEUR, a decline of 5.3 mEUR. The lower EBITDA bsi drove the decline, partly offset by lower financial items, while special items remained at the same level as in 2022.

51.0 mEUR 2021 | 40.6 mEUR 2022 | 35.3 mEUR 2023

115.2 mEUR
Free cash flow

Free cash flow grew by 60.7 mEUR. Operating cash flow grew by 61.0 mEUR during 2023. Cash flow benefitted from changes in working capital, including an increased contribution from the non-recourse factoring program of 12.6 mEUR.

58.5 mEUR 2021 | 54.5 mEUR 2022 | 115.2 mEUR 2023

252.2 mEUR
Net interest-bearing debt (NIBD)

NIBD reached 252.2 mEUR, a decline of 72.5 mEUR, driven by initiatives to lower working capital. The gearing declined to 1.9x and is now within the Business Plan 2026 target range of 1.5-2.0x.

338.5 mEUR 2021 | 324.7 mEUR 2022 | 252.2 mEUR 2023

5-year consolidated financial highlights

EUR million	2023	2022	2021	2020	2019
Income statement					
Revenue	1,033.6	1,069.5	994.9	832.9	966.5
EBITDA before special items[1]	132.4	140.8	144.3	100.5	117.7
EBITDA[1]	123.1	133.3	139.9	90.6	95.0
Operating profit before special items[1]	71.1	79.5	84.1	32.9	49.8
Operating profit[1]	61.2	69.6	79.7	22.1	25.9
Special items, net	-9.9	-9.9	-4.4	-10.8	-23.9
Financial items, net	-14.7	-17.0	-11.6	-14.7	-14.0
Profit (loss) for the year	35.3	40.6	51.0	-2.6	8.7
Cash flow					
Cash flow from operating activities	143.0	82.0	74.7	89.5	76.1
Cash flow from investing activities	-27.8	-27.5	-16.2	-16.0	-40.8
— hereof investments in property, plant and equipment	-8.6	-10.5	-5.8	-5.4	-10.4
— hereof investments in intangible assets	-22.4	-15.9	-11.7	-11.6	-33.0
Free cash flow excluding acquisitions and divestments	115.2	54.5	58.5	73.5	35.3
Statement of financial position					
Total assets	814.0	863.4	841.2	763.5	840.1
Group equity	275.0	260.7	207.7	134.8	158.0
Working capital	139.6	202.1	175.7	131.6	157.9
Net interest-bearing debt	252.2	324.7	338.5	382.0	414.1
Capital employed	527.2	585.4	546.2	516.8	572.1
Financial ratios and employees					
Organic growth	-0.3%	4.9%	20.7%	-11.5%	-4.1%
Gross margin[1]	40.9%	39.5%	40.5%	41.6%	42.1%
EBITDA margin before special items[1]	12.8%	13.2%	14.5%	12.1%	12.2%
EBITDA margin[1]	11.9%	12.5%	14.1%	10.9%	9.8%
Operating profit margin before special items[1]	6.9%	7.4%	8.5%	4.0%	5.2%
Operating profit margin[1]	5.9%	6.5%	8.0%	2.7%	2.7%
Financial gearing[1]	1.9	2.3	2.3	3.8	3.5
Overhead costs ratio[1]	34.0%	32.0%	32.0%	37.7%	37.0%
CAPEX ratio	3.0%	2.5%	1.8%	2.0%	4.5%
Working capital ratio[1]	17.8%	21.6%	15.4%	18.8%	20.6%
Return on Capital Employed (RoCE)[1]	12.7%	13.4%	15.8%	5.9%	8.5%
Basic earnings per share (EUR)	1.30	1.50	1.88	-0.10	0.32
Diluted earnings per share (EUR)	1.30	1.50	1.88	-0.10	0.32
Number of full-time equivalents, end of period	4,698	4,655	4,887	4,339	4,886

Please find definitions in note 8.6

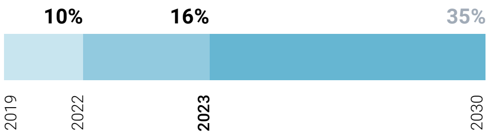
[1] In 2020, amortization/impairment of acquisition-related intangibles is no longer presented in a separate line in the income statement. In addition share of profit from associates is presented in a separate line under operating profit in the income statement. 2019 key figures have been restated.

Sustainability highlights

16%

reduction in Scope 1 and 2 greenhouse gas emissions

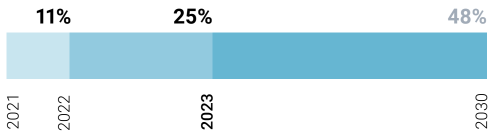
Target of 35% emissions reduction by 2030, from 2019 base year. 16% emissions reduction achieved in 2023.



25%

reduction in Scope 3 greenhouse gas emission intensity

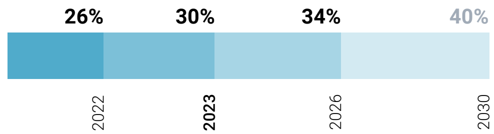
Target of 48% emission intensity reduction by 2030, from 2021 base year. 25% emission intensity reduction achieved in 2023.



30%

women in top management

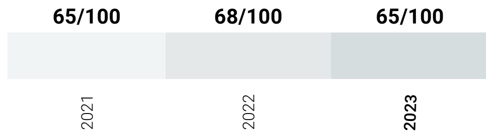
In 2023, Nilfisk had a representation of 30% women in top management comprising Nilfisk Leadership Team and its direct reports. The target is to have 34% of the underrepresented gender in top management by 2026 and equal representation by 2030 (minimum 40/60).



65/100

points by EcoVadis

In 2023, Nilfisk was awarded a Silver Medal, scoring 65 out of 100 points, demonstrating an advanced environmental management system.



Scope 1 emissions are directly created by owned or controlled sources, including facilities and vehicle fleet.

Scope 2 emissions are from purchased sources such as electricity, steam, and heating.

Scope 3 emissions are all other indirect upstream and downstream emissions that occur in the value chain. Nilfisk's Scope 3 target aims at reducing greenhouse gas emissions from the use of sold products.

Other ESG frameworks

Upholds strong CDP score
In 2023, Nilfisk was included in CDP's leadership category for the 4th consecutive year receiving a score of A-. This reflects how Nilfisk upholds high standards in climate and environmental actions and continues to implement best practices.

A Silver Medal for Nilfisk
In 2023, Nilfisk was awarded an EcoVadis Silver Medal, scoring a total of 65 out of 100 points, which is a 3-point decrease compared to last year. While Nilfisk's target is to continuously improve its scoring to obtain and sustain a Gold Medal rating, Nilfisk is still in the 86th percentile among all companies reporting into EcoVadis and scores 20 points above the average in our industry.

ESG ratings and frameworks
Nilfisk favors transparent methodology and feedback. We share our data and proudly disclose ratings for all stakeholders to use.

SILVER 2023 ecovadis Sustainability Rating
SCIENCE BASED TARGETS
WE SUPPORT UN GLOBAL COMPACT
Sedex Member
CDP DRIVING SUSTAINABLE ECONOMIES

Sustainability progress in 2023

Sustainability integrated in Business Plan 2026
In creating a more sustainable future for the coming generations, we need to embed sustainability into everything we do. This principle stands at the center of Business Plan 2026.

Nilfisk's Business Plan 2026 focuses on sustainable growth and embedding sustainability throughout the company. It significantly expands the company's sustainability commitment anchored in three mutually reinforcing levers: Nilfisk's value proposition and two out of three strategic priorities, to develop service-as-a-business and to lead the industry with sustainable products.

Our commitment to the science-based pathway
At Nilfisk, we acknowledge the importance of reducing our climate footprint and have chosen to follow a science-based approach in doing so. Nilfisk has committed to decarbonize its business across Scope 1, 2, and 3 and has set targets that are verified and approved by the Science Based Target initiative (SBTi). This commitment aligns with a decarbonization trajectory curbing the global temperature rise to well below 2°C above pre-industrial levels in line with the Paris Agreement's goals.

2023 Double Materiality Assessment
In 2023, Nilfisk extended its scope of limited assurance obtained from Deloitte to include some of the material disclosure requirements, following a preliminary Double Materiality Assessment. These are related to energy consumption and mix, location based greenhouse gas emissions, and Nilfisk's own workforce. An overview of all assured data points is provided in the ESG table page 11-15.

Diversity, Equity and Inclusion (DE&I)
Nilfisk is committed to providing an inclusive and equal experience for all employees, regardless of race, ethnicity, religion, physical or mental ability, gender, gender identity or expression, sexual orientation, and age. Nilfisk's global DE&I policy defines the principles and objectives to ensure a diverse, equitable, and inclusive workplace across the company. Specifically, the policy also puts forward the new target and levers for equal representation in top management by 2030.

Nilfisk receives Company of the Year Award
In November 2023, Nilfisk received the Company of the Year Award from ISSA's Hygieia Network, recognizing our commitment to Hygieia's mission to advance women's careers and build a diverse workforce. Rachel Brutosky, VP US Strategic Accounts Sales explains: "The aim was – and still is – to break down silos within the company and encourage community building and best practice sharing within the diversity and inclusion agenda. This is not a zero-sum game. We all win by expanding our diversity to include, for instance, bridging the gap between generations."

Diversity targets restated in 2023
Under the Danish legislation, Nilfisk Holding A/S is exempted from setting a target for the underrepresented gender in top management. However, in Business Plan 2026, Nilfisk Group set a near-term target to increase the equal representation of the underrepresented gender in senior management positions. In 2023, Nilfisk decided to restate the target to align it with 99b of the Danish Financial Statements Act cf. § 11 of Act No. 568 of 10 May 2022.

The new target aims to have 34% of the underrepresented gender in top management by 2026, and to work for equal representation by 2030 (minimum 40/60). Top management levels are defined on page 37 of Nilfisk's Sustainability report 2023.

In 2023, Nilfisk achieved 30% representation of the underrepresented gender in top management, which is on the expected trajectory towards the 2026 target. The target was not realized in 2023 as it was introduced in this reporting period.

Key actions in the DE&I policy for final target realization are among others talent acquisition processes that minimize bias and promote DE&I, mentor programs, training on DE&I as part of Nilfisk's leadership program, and supporting local DE&I networks and partnerships. Read more about DE&I in the Sustainability Report 2023, page 37-40.

Diversity targets in the Board of Directors
In the Board of Directors, the ratio of the underrepresented gender among the shareholder-elected members increased from 14% in 2022 to 25%. By that, the target figure to achieve a minimum of 25% by no later than 2024 was achieved already in 2023. The Board of Directors set a new target for the underrepresented gender to constitute 37.5% by no later than 2027, which is within the definition of equal representation in Danish legislation for a Board consisting of 8 members.

2023	Total number of members	% of underrepresented gender	Target %	Year when the target is achieved
Board of Directors Nilfisk Holding A/S	8*	25%	37.5%	2027
Member of the Executive Management Board; Nilfisk Holding A/S	2	Top management in the parent company has two members and therefore Nilfisk Holding A/S has not set a target for the underrepresented gender at this level		
Top Management Nilfisk Group	63	30%	34%	2026

(*) excl. employee elected members.

Sustainability report 2023
Nilfisk Holding A/S publishes a separate Sustainability Report 2023, which contains its statutory statement on corporate social responsibility in accordance with sections 99a of the Danish Financial Statements Act (pages 5, 12, 24-51), as well as Nilfisk's reporting in accordance with Regulation (EU) 2020/852 (Taxonomy), Delegated Regulation (EU) 2021/2139 on climate change mitigation and climate change adaptation, the Delegated Regulation (EU) of 27.6.2023 supplementing Regulation (EU) 2020/852, and Delegated Regulation (EU) 2021/2178 on the presentation of this information (pages 17-23).

The report can be found at: https://www.nilfisk.com/global/about-nilfisk/corporate-social-responsibility

Other statutory statements included in the Annual Report 2023
The disclosure under sections 99b and 107d of the Danish Financial Statements Act is made in the Management Commentary of the Annual Report in the section "Diversity targets restated in 2023" of the Sustainability Highlights. The disclosure under section 99d of the Danish Financial Statements Act, including the Data Ethics Statement, is covered by a separate statement disclosed on our webpage (https://www.nilfisk.com/global/about-nilfisk/sustainability/).

ESG performance

Environment

Data indicator	Unit	Assured*	2023	2022	2021	2020	2019	Comments	ESRS**
Environmental data									
GHG emissions									
Scope 1 and 2									
Total scope 1 and 2 - market based	tons CO_2 eq	●	19,013	20,143	22,997	20,034	22,718	Total market-based scope 1 and 2 GHG emissions decreased by 6% compared to 2022, and 16% compared to base year 2019. Fleet emissions increased due to additional vehicles and increased mileage in 2023, while site emissions decreased driven by energy efficiency activities, Energy Attribute Certificates (EACs), and reduced production output. *Changes from 2022: the scope of reporting has been extended to cover 100% of Nilfisk sites with employees. The sites excluded in 2022 represented around 3% of Nilfisk market-based scope 1 and 2 emissions. Additionally, the fleet emissions calculation has been improved to account more accurately for mileage resulting in a decrease of fleet emissions throughout the years. The market-based scope 1 and 2 emissions reported in Nilfisk's Sustainability report 2022 (22,636 tons CO_2 eq in 2019, 20,367 tons CO_2 eq in 2020, 22,304 tons CO_2 eq in 2021 and 20,316 tons CO_2 eq in 2022) have been restated.*	
Total scope 1 and 2 - location based	tons CO_2 eq	●	20,769	20,783	22,193	19,730	22,045	Total location-based scope 1 and 2 GHG emissions decreased by 6% compared to base year 2019. Emissions increased by 2% compared to 2022 driven by fleet emissions increasing. *Changes from 2022: 2023 is the first year for which location-based emissions are reported.*	
Scope 1	tons CO_2 eq	●	15,158	14,925	14,923	12,558	13,736	Scope 1 emissions increased by 2% driven by additional vehicles and increased mileage increasing fleet emissions in 2023. *Changes from 2022: scope 1 emissions reported in 2022 (14,231 tons CO_2 eq in 2019, 13,353 tons CO_2 eq in 2020, 14,756 tons CO_2 eq in 2021 and 15,609 tons CO_2 eq in 2022) have been restated following the change of methodology to account more accurately for mileage, and the extension of Nilfisk sites covered in scope 1 and 2 calculation.*	E1-6 48(a)
Scope 2 - location-based	tons CO_2 eq	●	5,611	5,859	7,270	7,172	8,309	Scope 2 location-based emissions decreased by 4% in 2023 as a result of increased investments in energy efficiency initiatives as well as reduced production output.	E1-6 49(a)
Scope 2 - market-based	tons CO_2 eq	●	3,856	5,218	8,074	7,476	8,981	Scope 2 market-based emissions decreased by 26% in 2023 due to the increased investment in EACs and in energy efficiency initiatives, as well as reduced production output. *Changes from 2022: scope 2 market-based emissions reported in 2022 (8,405 tons CO_2 eq in 2019, 7,014 tons CO_2 eq in 2020, 7,548 tons CO_2 eq in 2021 and 4,708 tons CO_2 eq in 2022) have been restated mainly due to the extension of Nilfisk sites covered in scope 1 and 2 calculation.*	E1-6 49(b)
Scope 1 and 2 market-based emissions per relevant breakdown									
Manufacturing sites	tons CO_2 eq	●	4,423	6,285	9,639	7,701	8,992	Manufacturing sites emissions decreased by 30% in 2023 as a result of increased investments in EACs and in energy efficiency initiatives, as well as reduced production output.	E1-6 48 and 49 referring to AR 41
Non-manufacturing sites	tons CO_2 eq	●	3,808	3,834	4,334	4,105	5,003	Emissions from non-manufacturing sites remained stable in 2023.	
Fleet	tons CO_2 eq	●	10,782	10,024	9,024	8,229	8,722	Fleet emissions increased by 8% due to additional vehicles and increased mileage in 2023. *Changes from 2022: fleet emissions reported in Nilfisk's Sustainability report 2022 (9,360 tons CO_2 eq in 2019, 9,172 tons CO_2 eq in 2020, 9,030 tons CO_2 eq in 2021 and 10,839 tons CO_2 eq in 2022) have been restated due to the change of methodology to account more accurately for mileage driven by vehicles.*	
Scope 3 - significant scope 3 GHG emissions								'Purchased goods and services' is a significant scope 3 emission category for Nilfisk and will be reported in 2024.	
Scope 3 - use of sold products	tons CO_2 eq	●	1,612,672	1,929,831	2,059,437	-	-	Absolute scope 3 emissions from use of sold products decreased by 16% between 2022 and 2023 and by 22% compared to base year 2021 driven by a combination of lower sales volumes and a change in the mix of sold products away from high emitting products. *Changes from 2022: it is the first year that Nilfisk reports absolute scope 3 - use of sold products emissions.*	E1-6 51
Scope 3 - use of sold products intensity metric	kg CO_2 eq/ EUR gross profit	●	3.82	4.57	5.11	-	-	Absolute GHG emissions decreased while gross profit increased in 2023. This resulted in a reduction in scope 3 emission intensity by 25% compared to base year 2021.	

Environment

Data indicator	Unit	Assured*	2023	2022	2021	2020	2019	Comments	ESRS**
Environmental data									
Energy consumption									
Total amount of energy	MWh	●	91,370	91,109	95,616	85,254	95,514	Total energy consumption increased in 2023, due to increase in fuel consumption from the fleet. *Changes from 2022: total energy consumption reported in 2022 (93,232 MWh in 2019, 87,867 MWh in 2020, 93,085 MWh in 2021 and 92,816 MWh in 2022) have been restated following the change of methodology to account more accurately for mileage, and the extension of Nilfisk sites covered in scope 1 and 2 calculation. Most of the disaggregated indicators reported under 'Energy consumption' are being reported for the first year.*	E1-5 37
Fossil energy	MWh	●	85,667	86,986	94,653	84,136	94,014		E1-5 37(a)
Fuel from coal and coal products	MWh	●	-	-	-	-	-		E1-5 38(a)
Fuel from crude oil and petroleum products	MWh	●	52,912	49,992	46,438	42,732	46,948	Consumption of fuel from crude oil and petroleum products increased due to increase in number of vehicles and mileage. *Changes from 2022: this indicator corresponds to the indicator 'Other fuels' in Nilfisk's Sustainability Report 2022. Values reported in the 2022 report (47,971 MWh in 2019, 48,044 MWh in 2020, 46,543 MWh in 2021 and 53,967 MWh in 2022) have been restated following the change of methodology to account more accurately for mileage, and the extension of Nilfisk sites covered in scope 1 and 2 calculation.*	E1-5 38(b)
Fuel from natural gas	MWh	●	22,516	24,177	29,095	20,787	23,337	Natural gas consumption decreased as a result of investments in energy efficiency and reduced production output.	E1-5 38(c)
Fuel from other fossil	MWh	●	-	-	-	-	-		E1-5 38(d)
Purchased or acquired electricity, heat, steam and cooling from fossil sources	MWh	●	10,239	12,817	19,120	20,617	23,729	Electricity purchased from fossil sources decreased as a result of investments in EACs and in energy efficiency, as well as lower production output.	E1-5 38(e)
Share of fossil energy in total energy consumption	%	●	93.8%	95.5%	99.0%	98.7%	98.4%	Share of fossil energy in total energy consumption decreased by 1.7 pp predominately as a result of investments in EACs.	
Energy from nuclear sources	MWh	●	-	-	-	-	-		E1-5 37(b)
Share of energy from nuclear sources in total energy consumption	%	●	-	-	-	-	-		
Renewable energy	MWh	●	5,703	4,123	964	1,118	1,500		E1-5 37(c)
Fuel from renewable sources	MWh	●	224	556	964	1,118	1,500	Consumption of fuel from renewable sources decreased as a result of lower usage of vehicles driving on biodiesel.	E1-5 37(c)i
Purchased or acquired electricity, heat, steam and cooling from renewable sources	MWh	●	5,268	3,567	-	-	-	Consumption of purchased electricity from renewable sources increased by 34% due to higher investments in EACs.	E1-5 37(c)ii
Self-generated non-fuel renewable energy	MWh	●	212	-	-	-	-	For the first year, Nilfisk produced self-generated solar electricity from solar panels installed at its production plant in Dongguan, China.	E1-5 37(c)iii
Share of renewable sources	%	●	6.2%	4.5%	1.0%	1.3%	1.6%	Share of renewable sources increased by 1.7 pp as a result of increased investments in EACs.	
Waste									
Total waste generated	tons		1,549	1,559	1,733	-	-	In 2023, the total amount of waste generated remained flat compared to 2022. This result was driven by an increase in Americas and in APAC offset by a decrease in EMEA.	
Total non-hazardous waste	tons		1,531	1,543	1,722	-	-		
Total hazardous waste	tons		18	16	12	-	-	The increase in hazardous waste was driven by site cleaning initiatives at Nilfisk's manufacturing sites.	
Water									
Water consumption	m³		80,409	79,773	91,671	109,942	124,936	Water consumption remained at 2022 level.	
Water recycled	m³		8,955	12,926	12,235	17,995	36,575	The volume of recycled water decreased due to fewer tests needed at the R&D site in Denmark, and a lower rotomolding activity level at the manufacturing site in China.	
ISO certifications									
Number ISO 14001-certified sites	Number		9	9	7	7	7		
Number ISO 9001-certified sites	Number		13	13	11	11	12		
Number ISO 45001-certified sites	Number		1	1	-	-	-		

Social

Data indicator	Unit	Assured*	2023	2022	2021	2020	2019	Comments	ESRS**
Social data									
Total employee headcount	Number	•	4,676	4,617	4,678	4,374	4,797	Total employee headcount increased by 1%.	S1-6 50(a)
Headcount per country									
Hungary	Number	•	799	796	879	745	794	Hungary, the US and China each represent more than 10% of the Nilfisk workforce. The employee headcount in the US increased by 7% while employee headcount in China decreased by 3%.	S1-6 50(a)
US	Number	•	749	699	612	588	671		
China	Number	•	605	621	668	579	623		
Rest of the world	Number	•	2,523	2,501	2,519	2,462	2,709		
Headcount per gender									
Male	Number	•	3,345	3,294	3,316	3,148	3,426	Male employees made up the largest part of the workforce and the number of male employees increased by 1.5%.	S1-6 50(a)
Female	Number	•	1,287	1,302	1,344	1,223	1,326		
Non-binary	Number	•	3	2	-	-	-		
Not declared	Number	•	41	19	18	3	45		
Headcount of permanent employees	Number	•	4,213	4,159	-	-	-		
Male	Number	•	3,061	3,005	-	-	-	The number of permanent employees increased by 1%.	S1-6 50(b)i
Female	Number	•	1,148	1,151	-	-	-		
Non-binary	Number	•	3	2	-	-	-		
Not declared	Number	•	1	1	-	-	-		
Headcount of temporary employees	Number	•	462	458	-	-	-		
Male	Number	•	283	289	-	-	-	The number of temporary employees increased by 1%.	S1-6 50(b)i
Female	Number	•	139	151	-	-	-		
Non-binary	Number	•	-	-	-	-	-		
Not declared	Number	•	40	18	-	-	-		
Headcount of non-guaranteed hours employees	Number	•	1	-	-	-	-		
Male	Number	•	1	-	-	-	-		S1-6 50(b)iii
Female	Number	•	-	-	-	-	-		
Non-binary	Number	•	-	-	-	-	-		
Not declared	Number	•	-	-	-	-	-		
Total number of employees who have left the company	Number	•	833	1,023	-	-	-		
Employee turnover - all employees	%	•	18%	23%	21%	20%	24%	Employee turnover decreased by 5 pp driven by a decrease in voluntary turnover.	S1-6 50 (c)
Employee turnover - permanent employees	%	•	16%	19%	-	-	-		

Social

Data indicator	Unit	Assured*	2023	2022	2021	2020	2019	Comments	ESRS**
Social data									
Gender distribution at top management levels									
Male	Number	•	44	48	-	-	-	Share of women in the Nilfisk Leadership Team and its direct reports (women in top management) increased by 4 pp.	S1-9 66(a)
Female	Number	•	19	17	-	-	-		
Non-binary	Number	•	-	-	-	-	-		
Not declared	Number	•	-	-	-	-	-		
Male	%	•	70%	74%	-	-	-		
Female	%	•	30%	26%	-	-	-		
Non-binary	%	•	-	-	-	-	-		
Not declared	%	•	-	-	-	-	-		
Distribution of employees by age group					-	-	-		
Under 30 years old	%	•	11%	11%	-	-	-	Age composition remained the same as in the previous year.	S1-9 66(b)
30-50 years old	%	•	62%	62%	-	-	-		
Over 50 years old	%	•	27%	27%	-	-	-		
Gender pay gap	%	•	21%	24%	-	-	-	Gender pay gap decreased by 3 pp. *Changes from 2022: The methodology of calculation has been updated to cover all geographies. The unadjusted gender pay gap reported in 2022 (19%) has been restated. This indicator has been renamed from "unadjusted gender pay gap" to "gender pay gap" to align with ESRS.*	S1-16 97(a)
Annual total remuneration ratio	Ratio	•	62:1	62:1	69:1	66:1	65:1	No changes to the annual total remuneration ratio (CEO pay ratio). *Changes from 2022: The methodology of calculation has changed from a cost accounting approach to a Total Cash Compensation one. The CEO pay ratio reported in 2022 (38.6 in 2021 and 36.4 in 2022) has been restated. This indicator has been renamed from "CEO pay ratio" to "annual total remuneration ratio" to align with ESRS.*	S1-16 97(b)
Gender distribution in Board of Directors (% women, based on headcount)	%		25%	14%	14%	12%	14%	One additional female board member was elected during the year, increasing gender diversity by 11 pp.	ESRS 2 DR GOV-1 21(d)
Gender diversity in senior management (% women, based on headcount)	%	•	21%	19%	14%	-	-	The share of female vice presidents and above (women in senior management) increased by 2 pp.	
Gender diversity in Nilfisk Leadership Team (% women, based on headcount)	%		22%	20%	13%	25%	17%	Nilfisk Leadership Team decreased by one male member, increasing the share of women by 2 pp.	
Engagement survey participation rate	%		90%	88%	90%	92%	92%	The participation rate of the employee engagement survey increased by 2 pp.	
Employee engagement score	Score		8.1/10	8.1/10	8.1/10	8.0/10	7.8/10	The employee engagement score remained stable and stayed above the industry benchmark.	
Fatalities (headcount)	Number		-	-	-	-	-	There were no fatal accidents in 2023.	S1-14 88(b)
Lost time injury (LTI) frequency rate	Rate		5.6	5.1	9.6	-	-	Lost time injury frequency rate increased by 9.8%.	
Lost time injury (LTI) severity rate	Rate		0.24	0.06	-	-	-	Lost time severity rate increased by 75% due to two accidents resulting in longer recovery times.	

Governance

Data indicator	Unit	Assured*	2023	2022	2021	2020	2019	Comments	ESRS**
Governance data									
EcoVadis score	Score	●	65	68	65	-	-		
EcoVadis rating	Rate	●	Silver	Gold	Silver	-	-		
Share of supplier spend align with the UNGC 10 principles	%		87%	83%	86%	93%	93%	Share of supplier spend which aligns with the UNGC principles increased to 87%, above target of min 80%. The increase is primarily coming from Europe where 94% of all suppliers are aligned with the UNGC principles.	
Number of audits of suppliers	Number		40	25	34	63	10	Number of supplier audits increased in 2023 compared to the two previous years influenced by COVID-19. Online audits were introduced during the pandemic, and are now a standard part of auditing.	
Cumulative number of suppliers covered by CSR assessment	Number		294	156	129	14	-	Number of suppliers covered by CSR assessment increased by 138. *Changes from 2022: the scope for data collection has been extended to material indirect suppliers, while until 2022 the assessment was only conducted on direct suppliers.*	
Number of whistleblower cases submitted through whistleblower-function	Number		2	1	2	6	9	In 2023 Nilfisk updated its Business Code of Conduct and Whistleblower Policy which has facilitated the reporting of sustainability matters.	
Whistleblower cases admissible	Number		1	1	2	2	1		
Whistleblower cases resolved	Number		1	0	2	6	9		

* *The data indicator has been subject to limited assurance, covering the columns 'data indicator', 'unit', and '2023'. Information presented in columns '2022', '2021', '2020', '2019', 'Comments' was not included in the scope of the limited assurance provided in 2023. In 2022, limited assurance was provided for the following indicators: "Total scope 1 and 2 - market based", "Scope 1", "Scope 2 - market based", "Fleet", "Scope 3 - use of sold products intensity metric", "Gender diversity in senior management" and "Ecovadis score and rating". The data indicators "Total Scope 1 and 2 - market based", "Scope 1", "Scope 2 - market based" and "Fleet" have been restated, see comment column for more information.*

** *In 2023, Nilfisk has for the first time aligned its ESG performance table to the European Sustainability Reporting Standards (ESRS) on selected indicators.*

Outlook for 2024

We expect that both demand and output will pick up in 2024, leading to volume growth across products and services. The muted demand in North America that affected the second half of 2023 leads to some uncertainty.

The range for organic revenue growth is expected to be 3% to 6%, mainly supported by demand, increased output, a solid order book end-2023, and minor effects of pricing actions.

The range for EBITDA margin before special items is expected to be 13% to 15%. The EBITDA margin is expected to be supported by increased revenue, gross margin expansion, and the structural efficiency improvements realized in 2023.

CAPEX spend is expected around 4% of revenue with more than half directed towards product investments.

Special items are expected in the range from low to mid-single digit mEUR.

Organic revenue growth

3% — 6%

EBITDA margin before special items

13% — 15%

Given our ongoing initiatives and investments in structurally improving the business, our financial targets for 2026 are confirmed, see page 17.

Forward-looking statements
Statements made about the future in this report reflect the Executive Management Board's current expectations with regard to future events and financial results. Statements about the future are by their nature subject to uncertainty, and the results achieved may therefore differ from the expectations, due to economic and financial market developments, legislative and regulatory changes in markets that the Nilfisk Group operates in, development in product demand, competitive conditions, energy and raw material prices, and other risk factors.

Nilfisk Holding A/S disclaims any liability to update or adjust statements about the future or the possible reasons for differences between actual and anticipated results except where required by legislation or other regulations.

Financial targets for 2026

Market conditions
The demand for cleaning is on a path towards long-term growth, driven by a fundamental need for hygiene to preserve health, safety, and overall wellbeing. Rising wage levels are driving the demand for equipment and services that enable labor productivity, and this demand is further fueled by labor shortages. In addition, we foresee tighter regulatory requirements for health and safety standards and a sharp increase in sustainability requirements. We expect the digital transformation will enhance our value proposition to customers and drive demand for Nilfisk products and services in the longer term.

Organic growth
We expect our business to generate long-term sustainable growth and to organically reach revenue between 1.2 bnEUR and 1.3 bnEUR in 2026. This assumes the continuation of the outlined positive market trends based on global economic growth and implementation of Business Plan 2026 initiatives. Acquisitions may become relevant medium-term, but they are not included in this revenue target.

EBITDA margin before special items
We expect EBITDA margin before special items to be above 16% no later than 2026, benefitting from targeted revenue growth and the implementation of Business Plan 2026 initiatives.

Revenue in 2026 (bnEUR)

1.2 — 1.3

EBITDA margin before special items in 2026

Above 16%

Gearing measured as net interest-bearing debt to EBITDA before special items in 2026

1.5x — 2.0x

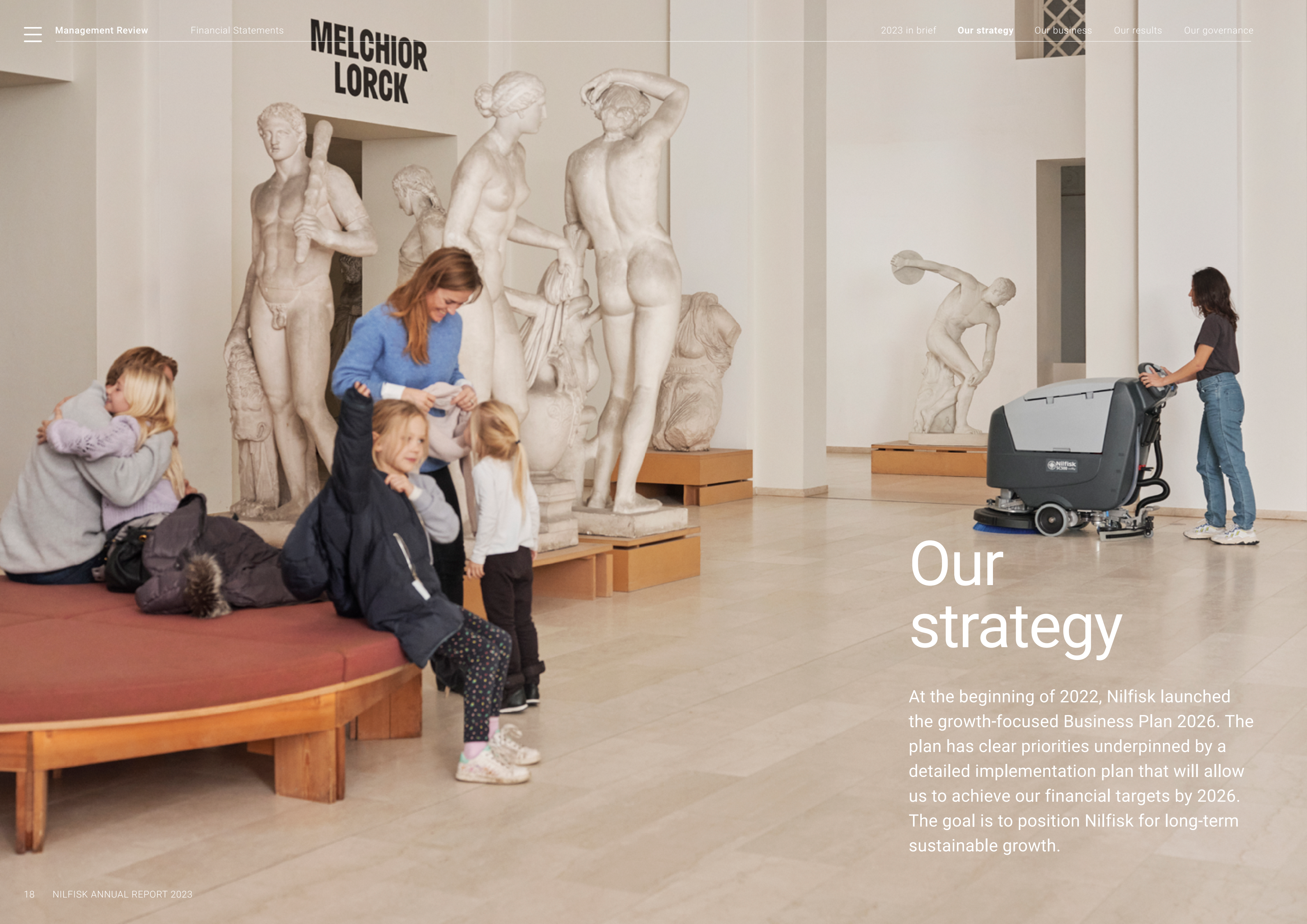
Capital allocation towards 2026

Our capital structure is constructed to ensure the financial flexibility required to execute on our strategy.

The implementation of Business Plan 2026 initiatives is linked to investments, primarily in three areas. We will invest in R&D to ensure New Product & Technology development, in IT systems and in increasing our productivity and supply capacity to accommodate for the expected volume growth. As a result, CAPEX spend is expected in the range of 3% to 4% of revenue. After an initial investment phase in the first years, CAPEX will trend down towards the long-term sustainable level of 3% of sales. Cash flow is expected to improve substantially.

Gearing, measured as net interest-bearing debt to EBITDA before special items, will be targeted in the range between 1.5x and 2.0x. This excludes financing of any potential M&A.

When the gearing is sustainably within the target range, distributions by way of dividends or share buy-backs are expected at around one third of adjusted profit after tax.



Our strategy

At the beginning of 2022, Nilfisk launched the growth-focused Business Plan 2026. The plan has clear priorities underpinned by a detailed implementation plan that will allow us to achieve our financial targets by 2026. The goal is to position Nilfisk for long-term sustainable growth.

Year two of Business Plan 2026

At the beginning of 2022, Nilfisk launched Business Plan 2026. That makes 2023 year two of building platforms for long-term sustainable growth. The strategic framework of Business Plan 2026 has been turned into a roadmap for delivering on our long-term growth targets. The starting point is Nilfisk's distinct customer value proposition.

Nilfisk value proposition
Our strategy is focused on long-term sustainable growth, and our value creation proposition is based on three fundamental pillars: Lifecycle services optimizing customer value creation; Customer-centric innovation ensuring technology-enabled value creation; and our Sustainability commitment creating value for all stakeholders.

Strategy elements
Business Plan 2026 is centered around three strategic priorities and three optimization opportunities to ensure long-term sustainable growth.

Three strategic priorities were identified as critical to securing long-term growth: Develop service-as-a-business; Grow in large-scale markets; and Lead with sustainable products. In addition, three existing growth platforms were identified as optimization opportunities: Expand EMEA leadership position; Enhance supply chain robustness; and Unleash growth of Specialty Business. Both the strategic priorities and the optimization opportunities provides prospects to strengthen our leading position in the professional cleaning equipment industry to ensure higher value creation. Finally, with the implementation of new Ways of Working, people are mobilized throughout the organization.

Business Plan 2026

Focus on long-term sustainable growth

NILFISK VALUE PROPOSITION

Lifecycle services
Optimizing customer value creation

Customer-centric innovation
Ensuring technology-enabled value creation

Sustainability commitment
Creating value for all stakeholders

STRATEGIC PRIORITIES

Develop **service-as-a-business**

Grow in **large-scale markets**

Lead with **sustainable products**

OPTIMIZATION OPPORTUNITIES

Expand **EMEA leadership position**

Enhance **supply chain robustness**

Unleash growth of **Specialty Business**

WAYS OF WORKING (WOW)

Execution culture
- Strategy deployment and managing projects
- Nilfisk Operating System

Digitally enabled
- IT backbone
- Digital applications and customer interface

Empowered people
- Mobilizing the organization
- Growth mindset

Strategic priorities

Develop service-as-a-business

Service-as-a-business is a cornerstone for Nilfisk. It's a new business unit and an important contribution to Nilfisk's sustainability commitment. Instead of a traditional product-centric model based on reactive repair service, Nilfisk is moving towards a proactively-managed total service solution to deliver better value to customers. The target is a closer customer relationship, stable recurring revenues, enhanced profitability, and a sustainable product lifecycle.

Progress report

In 2023, progress continued towards developing a service organization focused on customer-centric innovation and life-cycle services to deliver on the Nilfisk customer value proposition. This year Nilfisk put customers at the center with a stronger regional and digital focus.

Investments in digital solutions
The development of digital solutions was accelerated through investments and co-created with customers to improve the service offering from Nilfisk and drive service contract attachment rates. Investments were made to develop the Nilfisk connectivity portal. Here co-operation with strategically-selected customers ensured improvements to uptime and productivity, and to test and further develop the digital system.

A setup designed for faster execution
Progress was also made on the operating model. As part of the model, Nilfisk is adopting an implementation strategy that brings the Service Business and operations leaders closer to the regions to accelerate the pace of implementation.

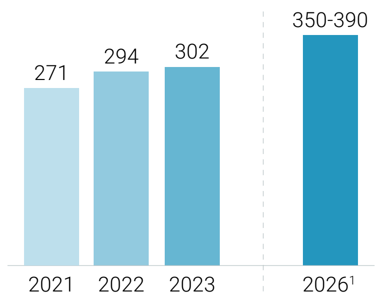
By co-integrating the Service Business and the operations leaders with the regions, any geographical distance between frontline and backline organizations has been eliminated, improving real-time interaction.

In 2023, the 'Service Excellence Journey' was developed to sell service agreements and build long-term partnerships with customers. This customer-centric approach guides the Nilfisk decision-making processes and ensures that services are tailored to the specific demands of each customer in the regions.

Measuring progress towards 2026
Progress on service-as-a-business was measured by a set of KPIs. They are organic revenue growth, the service agreement attachment rate, and revenue from the Service Business as a share of total revenue. Despite unfavorable market dynamics, revenue from the Service Business grew 2.7% compared to 2022, while its share of total revenue increased to 29% from 28% in 2022.

From ad hoc to planned maintenance
In 2023, the efficiency of service improved, while the contract attachment rate on new products increased to 12%, up from 10% in 2022. During 2023, the transition from ad hoc to planned maintenance began. From an operational perspective, this shift allows for more optimal resource allocation, including the planning and allocation of service technician resources, reducing the need for reactive responses to sudden equipment failures and minimizing downtime. Consequently, internal processes can be further streamlined.

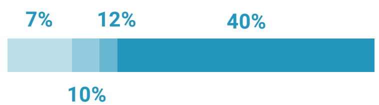
Service Business revenue, mEUR



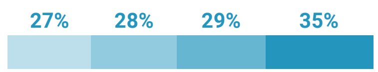
[1] *Target in Business Plan 2026.*

2021 actual
2022 actual
2023 actual
2026 target

Contract attachment rate



Service Business share of revenue



As a result, during 2023 the share of total structured services including planned maintenance rose compared with 2022, while ad hoc service work orders declined.

New segment reporting
From 2023, the Service Business became a separate business segment. As the ongoing work to further develop the Service Business continues, the segment reporting provides transparency on financial progress.

What is PAC?

Nilfisk offers Parts, Accessories, and Consumables (PAC) for all product groups. For our customers, professional cleaning equipment, maintenance, service, and access to parts, accessories, and consumables are key to ensuring a smooth experience and solid cleaning outcomes.

Reliable equipment is essential, and the use of genuine spare parts, accessories, and consumables reduces the risk of unplanned breakdowns and the negative impact this can have on the operation of our customer's business. Nilfisk PAC are easily available either through our sales and service teams directly or through our wide distribution network of dealer partners across all geographies. We believe that closeness to our customers is a key strength to securing continued operation of equipment to maximize uptime, productivity, and customer satisfaction.

The strategic role of PAC

PAC is part of the Service Business and accounts for more than half of Nilfisk service revenue. As part of Business Plan 2026, the plan is to increase the revenue share from PAC and boost its profitability towards 2026.

Progress report

During 2023, the focus has been on speed of execution towards 2026. Consequently, a global PAC program was established. The program focuses on ensuring the identification and execution of key initiatives across the value chain to deliver growth and profitability. It emphasizes cooperation between global functions and regions around optimizing PAC product offerings and go-to-market strategy, driving end-to-end optimization and execution of PAC activities, including commercial activation in the regions.

The focus areas during the year was on sourcing, logistics, products, and commercial execution.

As a result, Nilfisk improved PAC availability and achieved an improved delivery performance throughout the year. This improvement is the result of concrete initiatives, supported by a general stabilization of the global supply chain.

The key initiatives include:

- Re-establishment of a new Distribution Center in Arkansas USA following tornado destruction in Q1 2022.
- Organizational optimization including dedicated planners and buyers for PAC in the EMEA and Americas regions, supporting a more focused and responsive approach to PAC operations.
- Implementation of a new PAC backend organization that provides robust support throughout the PAC value chain. This involves clear ownership and dedicated support for PAC availability throughout the product life cycle, spanning new product introduction, growth, and end-of-life phases.

CASE

Tailoring solutions for successful service: A partnership with Laurenty in Belgium

During 2023 Nilfisk initiated a closer co-operation with Laurenty, a facility service business and long-term customer of Nilfisk. The catalyst was a renewed service agreement between Laurenty and Nilfisk to increase operational efficiency, prevent unforeseen costs, and ensure proper training on use of equipment.

Laurenty, a key player in the facility services industry in Belgium, oversees a fleet of more than 1,000 Nilfisk machines. Being one of the largest facility service businesses in its country with over 4,800 employees, managing a substantial fleet of cleaning equipment in heavy use daily, Laurenty requires a reliable partner that not only provides quality equipment but also ensures that maintenance and service is available every day - all year around.

Before entering the partnership, they faced hurdles that included maintenance demands to cost management and training of their workforce.

Tailored services catalyst for transformative operational changes

The renewed agreement ensures better fleet management, more frequent service, and faster response to maximize equipment uptime, while making sure that Laurenty harvests the benefits of personalized technical support, expert advice, and customized solutions that match its needs for smooth operations.

For Laurenty, effective planning and management of maintenance schedules was a major logistical challenge. Balancing the availability of machines for cleaning operations is key to success as delays in maintenance directly impact productivity of Laurenty's operations.

Additionally, managing equipment maintenance costs, spare part and unforeseen repairs requires a service partner with thorough cleaning equipment training for operators.

Nilfisk's tailored service agreement became the catalyst for a transformative change within Laurenty's operations. Understanding the comprehensive needs of their business, Nilfisk devised a comprehensive service package, including maintenance, repair and replacement of parts, and consumables.

A dedicated single point of contact, a locally based Nilfisk Key Account Manager, has ensured personalized support, while monthly service analysis added a layer of reliability for Laurenty's day-to-day functioning.

Service-as-a-business is a strategic priority for us and one of the growth platforms of Business Plan 2026. Moving from a product-centric model to a customer-oriented mindset enables us to provide extensive customer value through lifecycle service solutions around our products. As in the case with Laurenty, providing a proactive service solution is essential to increasing both customer satisfaction and establishing long-term partnerships that are reliable and will continue to be profitable for both parties in many years to come.

> "At Nilfisk, our goal is not just to provide equipment but to build enduring partnerships that drive operational excellence for the customer.
>
> **Laurent Heremans**
> Key Account Manager at Nilfisk


Nilfisk's SC50 wrapped in Laurenty's brand colors.

Grow in large-scale markets

A strategic priority identified in Business Plan 2026 is to grow in large-scale markets. Nilfisk has opportunities to strengthen its position in several large-scale markets. The initial focus is the US market, which by far is the largest single market for professional cleaning equipment, representing approximately 35% of the global market. During 2021 and 2022, a substantial and growing market presence has been seen in the US, significantly strengthening the market position. The year 2023 was a challenging year for Nilfisk after several years with strong growth. The ambition towards 2026 remains unchanged.

Progress report

During 2023, work was done within several focus areas to drive growth in the large-scale US market. The roll-out of the commercial strategy continued, focusing primarily on partnering with dealers including leveraging lead generation. Focus was also widened to new customer segments, as work was done to enhance focus on large customers, as well as developing and investing in our Service Business. Also, measures were taken to enhance supply chain robustness.

During the year, there was a continued focus on serving large customers to drive growth in this region. In 2021, Nilfisk won a substantial contract with United Rentals, the largest equipment rental company in the world. The collaboration was expanded in 2022 and in 2023 the agreement continued to create value for Nilfisk.

Throughout 2023, the focus, in terms of types of customers, was widened. This means lower risk through a diversification of the customer base, while ensuring a new baseline to grow.

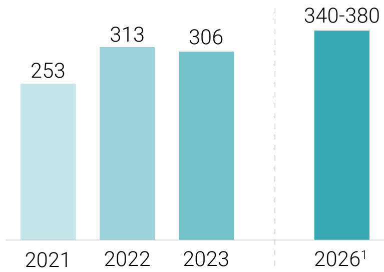
Investments in service and operations
In 2023, developments and strategic investments were made to the Service Business and these investments have begun to bear fruit. The service growth was driven by investments in front-line technicians as well as streamlined processes and upgraded systems. Inventory availability for PAC was stabilized, which resulted in an improved customer experience.

Also in 2023, measures were taken to enhance supply chain robustness in the Americas. Nilfisk's operations in the Americas region experienced some impact from prolonged supply chain constraints. While manufacturing output gradually improved throughout the year, the order book at the end of Q4 2023 remained elevated but at a lower level than in Q4 2022.

Notably, in the second half of 2023, manufacturing output in Brooklyn Park continued to improve, with a reduction in component shortages and optimizing throughput in production playing a significant role. The commitment to invest in capacity expansion for large Floorcare equipment has been fulfilled, alongside implementing dual sourcing for key components and improving production line efficiencies.

During 2023, improvements have been made to ensure a stronger foundation for volume growth in the years ahead. Nilfisk is in a good place to leverage our strong position, given the widened focus on customers and partners, continued focus on our dealers, and optimized supply chain robustness.

Revenue in the US, mEUR



[1] *Target in Business Plan 2026.*

Lead with sustainable products

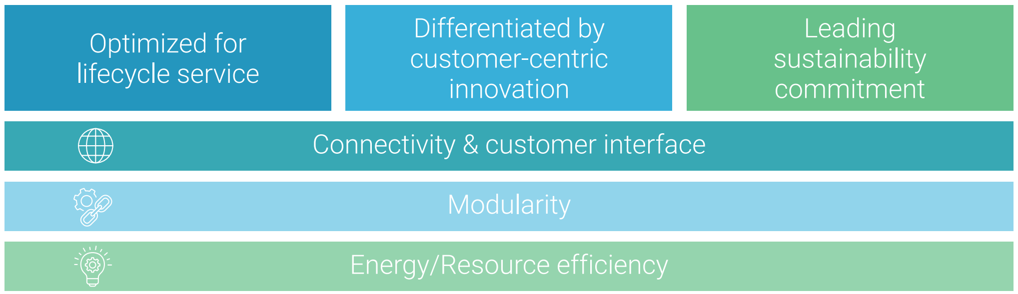
As outlined in Business Plan 2026, Nilfisk aims to lead its industry with sustainable products, including machines, solutions and services.

To reach this target, investments have been made to provide upgrades to Nilfisk's current product offering alongside developing new products towards 2026.

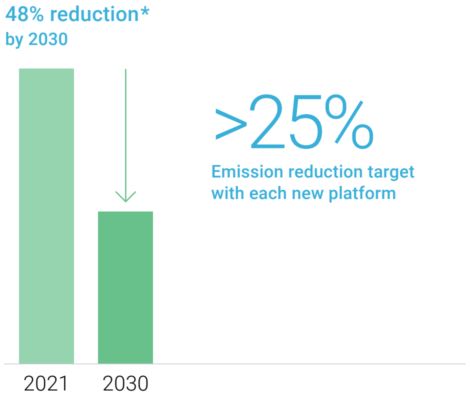
The upgrades will introduce new technologies, features, and digital functionalities, leveraging existing products.

New products and new product platforms are designed to be significantly more energy and resource efficient than previous versions. Nilfisk is also introducing a modularity concept to broaden the product range and improve serviceability, while reducing complexity and costs. This will allow for resource-optimized, scalable growth that contributes to our enhanced sustainability commitments.

Nilfisk´s value proposition that is part of Business Plan 2026 has provided the guiding principles for our product innovation:



Commitment to reduce Scope 3



** Per unit of gross profit of carbon emissions linked to Use of Sold Products Scope 3 (Category 11) in 2030.*

Progress report

The year 2023, the second year of Business Plan 2026, was also year two of strategically-increased investments in R&D. Consequently, Nilfisk introduced both new and upgraded products during the year and several innovation projects were commenced. Investments were concentrated around sustainable solutions, technology, software, modularity, and innovation, building the pipeline to deliver on Nilfisk sustainability ambitions and customer expectations.

The new S1 cordless stick vacuum, targeted at the consumer segment, was launched in the second half of 2023. Upgrades were made to improve some bestselling products with new battery technology to give the products fast-charging capability and modular-scalable capacity.

On the technology front, user interface and connectivity features were improved for some products, increasing the number of connectable machines. Through upgrades in the autonomous portfolio with various intelligent features, this business has been prepared for further scalability.

As planned, the pace of product launches is set to increase towards 2026.

Towards modular architecture
In 2023, progress was made towards developing new products based on modular architecture. Implementing modularity across the product range will ensure a faster response to market changes in comparison to the more traditional approach of developing standalone products. Additionally, modular principles can enhance product sustainability through re-usable materials and by reducing the number of parts required, while contributing to scale in operations and reduced complexity.

Delivering sustainable products
Nilfisk remains committed to the Scope 3 target with 48% reduction by 2030. During 2023, the focus was on developing products with a smaller carbon footprint by reducing energy consumption and resource usage. Significant Scope 3 reductions are targeted through new products delivering 25% energy efficiency savings, with product launches planned towards 2026 and onwards.

Optimization opportunities

Expand EMEA leadership position

EMEA is the largest and most profitable region and has been identified as an optimization opportunity in Business Plan 2026. The implementation of a segmented go-to-market approach is enabling broader and more efficient market coverage. The goal is to optimize customer value creation while increasing commercial efficiency.

Progress report

During 2023, the groundwork for profitable growth in the years ahead was laid and the focus remained firmly on commercial activities and strategy deployment. One of the areas to expand EMEA is to execute through two channels: direct sales to customers and indirect sales to dealers. Both channels are increasingly focused on high potential customer segments including Contract Cleaners, Industry, and Institutions.

In particular, the Institutions business was a key priority and consequently saw positive momentum within key retail chains in large markets such as the UK, Germany, and Türkiye.

Given the challenging economic climate, we saw declining market demand in the first half of the year, which stabilized in the second half of the year. As a consequence, shipped and invoiced volume declined in 2023 compared with 2022.

Our continued focus on dealers, combined with an increase in our direct customer channel, will enable us to leverage our strong position towards 2026.

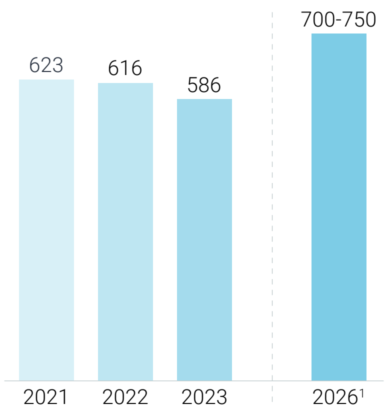
Alongside the channel focus, the work to grow service-as-a-business continued as described on page 21-22.

In 2022, we announced that we would continue the roll-out of the integrated business model throughout Europe. This work continued during 2023, ensuring a strong platform to further expand the leadership position by driving growth and profitability, particularly within target segments. The work included establishing the EMEA region, moving closer to the customer, and empowering local decision making.

At year-end 2023, the EMEA operating model was finalized. The model introduces a new market structure with six similar scaled markets and clusters leading all commercial activities including service operations.

This will support growth towards 2026 by accelerating our service-led development within key segments such as Contract Cleaners, alongside the ongoing focus on nurturing our strong relationship with dealers.

Revenue in EMEA, mEUR



[1] *Target in Business Plan 2026.*

Enhance supply chain robustness

Global supply challenges have over the past two years stress tested the robustness of our supply chain. As part of Business Plan 2026, we identified optimization opportunities that positively impact cost competitiveness, capacity for growth, as well as the overall robustness of our supply chain. In addition, they create the foundation for targeted volume growth with moderate investments.

Progress report

The challenges seen in recent years in the global supply chain and the geopolitical development have confirmed a need for better risk management and development of Nilfisk's supply chain. During 2023, Nilfisk has been working on a series of initiatives set out in Business Plan 2026. The scope of the initiatives is to ensure capacity for growth, strengthen Nilfisk supply chain, and to lower risk.

In 2023, we progressed according to our plans and focused on capacity growth through extending our production capacity in our plants in Brooklyn Park, US, Querétaro, Mexico, and Dongguan, China.

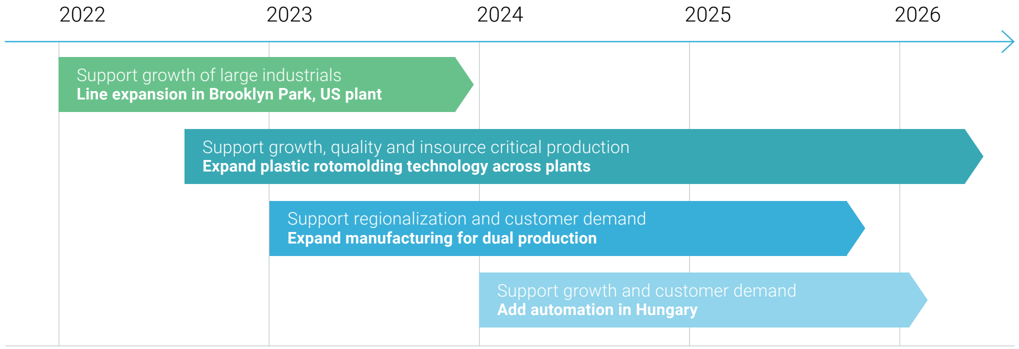
Three initiatives ensure capacity for growth
In Brooklyn Park, US we finalized the line expansion that was initiated in 2022 to expand production of large industrials. This has extended our production capabilities and reduced lead time and backlog at an overall level improved our delivery performance. In the long-term, it has put us in the right place for to ensure capacity for growth.

As part of our efforts to insource critical production and boost capacity, we installed a third plastic rotomolding machine at the Querétaro site capable of producing the plastic exteriors of our products. The increased capacity reduces the sensitivity to supply chain disruptions while ensuring high-quality standards and at the same time cuts costs.

In 2023 the dual production strategy was implemented with new production lines incorporated in Querétaro, Mexico and Dongguan, China to reduce lead-time. Two industrial machines in high demand – the SC6500 walk-behind and CS7010 combination machines – are now also produced in both Mexico and China. The machines were previously only produced at the Brooklyn Park site in the US, which could not keep up with the demand. Consequently, we will continue to bring down the order backlog.

A normalized supply situation globally
The year 2023 saw the realization of several long-term investments to improve our supply chain robustness and add to financial performance towards 2026. There were tangible improvements to the transportation situation. The global supply chain constraints eased further and returned to a pre-pandemic normalized level. Material supply, which has been a key challenge in recent years, also saw relief with component availability improving throughout the year. This led to a full recovery at all

Enhance supply chain robustness plan is well under way towards delivery:



production sites except for our industrial production facility in Brooklyn Park, which ended the year with an elevated order book.

In 2023, Nilfisk also optimized its transportation setup, yielding improvements for customers while also ensuring progress within some key sustainability areas:

- Increased share of direct shipments
- Lead time improved
- Reduction in inventory levels
- Reductions of transportation costs
- Lower emissions from transportation.

Enhancing supply robustness through dual sourcing
In 2023, Nilfisk continued working with the strategy for dual sourcing to further improve delivery performance, optimize robustness in production output, and reduce overall risk. During the year, Nilfisk made good progress in establishing dual sourcing for most critical components. With a number of alternative suppliers, the opportunity for substitution increases and allows more flexibility. That means reducing freight dependency and ensuring that disruptions, whether at macro or micro level, are less likely to affect the supply chain. The effort is ongoing and will in the long run reduce sensitivities to supply chain disruptions and shorten lead times.

CASE

Increased capacity in Querétaro

A new rotomolding machine has expanded Nilfisk's manufacturing capabilities in Querétaro, Mexico.

Global supply challenges have stress-tested our supply chain in recent years. To address this, we invested in optimizing our production capabilities during 2023 to accommodate our targeted volume growth towards 2026.

In the fourth quarter of 2023, our manufacturing site in Querétaro, Mexico, added two new large floorcare machines to its production lines: the SC650 walk-behind and the CS7010 ride on-machines that Nilfisk has experienced increasing demand for. Nilfisk has now established dual production in the Americas region with this added rotomolding machine.

As part of the efforts to boost capacity at the Querétaro site, Nilfisk installed a new rotomolding machine capable of producing the plastic exteriors of our products. This increased capacity was initiated to reduce reliance on external suppliers, ensuring high-quality standards while reducing costs.

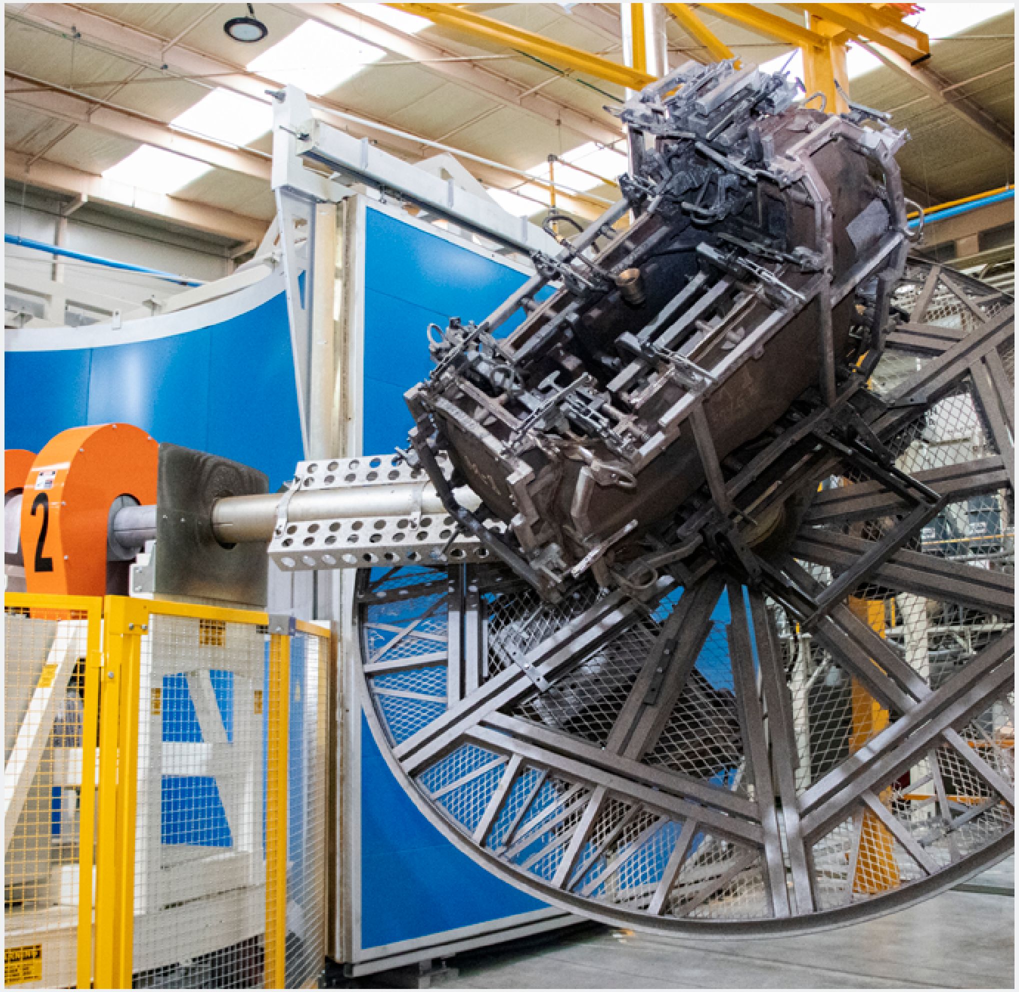
Expanding the manufacturing capabilities by producing machine components in Querétaro amplified supply chain robustness. It allowed Nilfisk to lessen dependence on external suppliers, resulting in better control and enhanced quality without relying on third-party sources.

Looking towards the future, the facility in Querétaro will become an important supplier of rotomolded components to the Brooklyn Park site. This streamlined approach aligns with the objectives outlined in Business Plan 2026, empowering Nilfisk to respond swiftly and effectively to evolving market dynamics while enhancing supply chain robustness.

What is rotomolding?

Rotomolding (rotational molding) is a 4-stage production process to form hollow parts of limitless size. The process makes it possible to produce components of any size or shape. Rotomolding is done by heating plastic resins in a mold chamber while rotating the chamber vertically and horizontally simultaneously. When the fluid plastic resin has covered the entire mold chamber, the plastic component is cooled and demolded.

Nilfisk manufacturing sites in Querétaro, Mexico, and Dongguan, China, have installed rotomolders.



Unleash growth of Specialty Business

Another of the optimization opportunities identified in Business Plan 2026 is to unleash the growth of the Specialty Business. Nilfisk Specialty Business covers two different areas: Food and Industrial Vacuum Solutions (IVS).

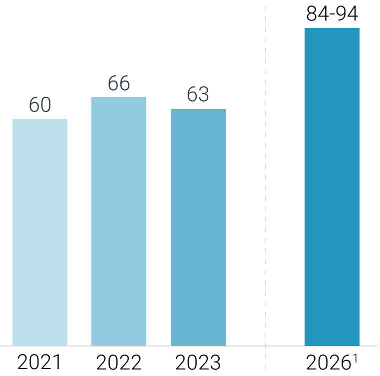
Progress report

During 2023, the IVS business was rebuilt as an individual business unit ready to grow and deliver specialized knowledge for customized offerings, training, and support. The focus has been on product innovation, establishing a product pipeline, and improving our time to market.

Rebuilding IVS
During 2023, the support structure for IVS was rebuilt in a stronger IVS Center of Excellence. This was done to enable Nilfisk to customize products for highly regulated workplaces such as food and pharma, while providing delivery times in line with market standards. In addition, the structure enables a more extensive service offering to both internal and external customers. To ensure market leading innovation within this niche, Nilfisk focused on investments in product development, product management, and R&D. The increased focus on product innovation resulted in a strong pipeline of product launches at the end of 2023, supporting growth towards 2026.

Solid progress during year two of executing on IVS strategy
During 2023, investments were made into a salesforce specialized within IVS in North America and the groundwork for focus on new customer segments as part of Business Plan 2026 was laid. The new setup enables increased opportunity creation, and consequently both the number of leads and bids rose during 2023. The ability to provide on-time response to the markets from sales support and the increased ability to customize equipment via a reduced R&D response time both serve as strong proof points for the value of a stronger IVS Center of Excellence.

Revenue in Specialty Business, mEUR



[1] *Target in Business Plan 2026.*

What is Food and IVS?

Food is a niche business within the food and beverage segment, offering products that protect production. The quality of a food-production environment is the basis for guaranteeing workplace hygiene, employee safety, and product quality. Nilfisk provides solutions with the power of high performance that ensure safer, healthier, and more efficient manufacturing environments.

IVS is a market leader in a specialized niche within professional vacuum cleaning equipment. Products are often customized and used in highly-regulated workplaces exposed to dangerous or combustible dust. Nilfisk stands out as a world-leading manufacturer and service supplier in IVS, with deep insights and know-how from decades-long experience with products and applications. Key customer segments for IVS include manufacturing environments within pharma, food, iron, metal, and construction. The ambition for IVS is 40% revenue growth by 2026 compared to 2021. This is enabled by leveraging a broad product offering with deep customer understanding and application know-how.

Our business

Nilfisk is a global supplier of cleaning solutions and services, and among the global market leaders in the professional cleaning equipment industry. It is also a strong retail brand. We serve a wide range of customers including global contract cleaners, international retailers, healthcare facilities, and retail customers across more than 100 markets through a combination of direct and indirect sales.

How Nilfisk operates

Through sustainable cleaning solutions that put people first, Nilfisk enables cleaner environments.

Sales channels

Channels across more than 100 countries include direct sales, indirect sales through dealers and retailers, and e-commerce platforms.

Consumers

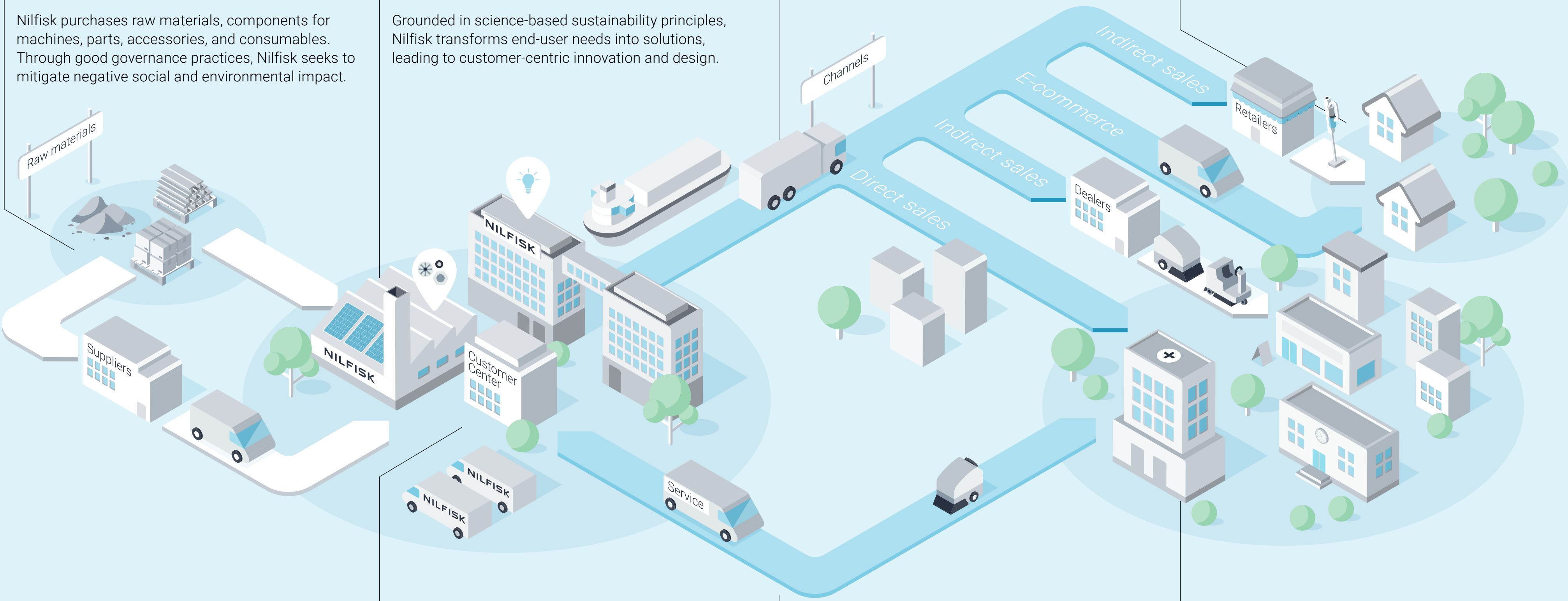
Consumers are served with a range of vacuum cleaners and high-pressure washers.

Resource inflow

Nilfisk purchases raw materials, components for machines, parts, accessories, and consumables. Through good governance practices, Nilfisk seeks to mitigate negative social and environmental impact.

Business activities

Grounded in science-based sustainability principles, Nilfisk transforms end-user needs into solutions, leading to customer-centric innovation and design.



Customer touchpoints

Touchpoints include Customer Care and Field Service technicians.

Service and takeback

Nilfisk offers customers comprehensive lifecycle service solutions to prolong product lifetime by increasing serviceability. Once the products have reached the end of life, Nilfisk offers select takeback.

Professional customers

Professional customers range from large global companies buying fleets to smaller businesses buying single products.

From fleet to single machine customers

Our customers range from large global customers buying fleets of machines across the product range to smaller businesses to consumers that buy a single machine. We work with our professional customers in four business verticals covering 14 application segments.

Contract Cleaners and Institutions

This vertical covers Contract Cleaners and Institutions, including Education, Office & Public Buildings, Retail, Healthcare, and Hospitality. Optimizing cleaning task efficiency is key as customers in these segments are facing severe labor shortages alongside increasing requirements for high-quality cleaning results in public-facing environments.

- Contract cleaners
- Education
- Offices & Public buildings
- Retail
- Healthcare
- Hospitality

Industry

The Industry vertical covers areas like Manufacturing, Warehouse and Logistics, Food & Beverage, Iron & Metal, Pharma. For customers in these industries, cleaning is a key element in ensuring efficient and safe production workflows, proper maintenance of production equipment, and compliance with quality standards and regulations.

- Manufacturing
- Warehousing & Logistics
- Food & Beverage
- Iron & Metal
- Pharma

Agriculture, Building & Construction, Automotive

Robust and high-performing cleaning solutions play an important role in securing safe work conditions in dirty, dusty, and harsh environments. In addition, it is key to these customers that their essential equipment is maintained regularly for optimal efficiency.

- Agriculture
- Building & Construction
- Automotive

Consumer

In addition to our professional customer base, Nilfisk also offers consumers a range of high-pressure washers and vacuum cleaners.

- Consumer

Five focus segments in Business Plan 2026

Business Plan 2026 identified five focus segments with above-market growth and where Nilfisk is well positioned to gain share. These segments are Contract Cleaners, Warehouse & Logistics, Manufacturing, Education, and Retail.

The five focus segments cover about two-thirds of the global market for professional cleaning equipment.

- Contract cleaners
- Warehousing & Logistics
- Manufacturing
- Education
- Retail

Providing a wide range of customer-centric solutions

Nilfisk develops, manufactures, and sells a comprehensive portfolio of cleaning solutions and services targeting the premium and mid-market for professional cleaning, complemented by cleaning solutions tailored to households.

At Nilfisk, innovation and product development starts with our value proposition to provide lifecycle services, ensure customer-centric innovation, and fulfill our sustainability commitment. In combination with deep customer insights, this value proposition is the guiding principle for the development of products and services via close cross-functional collaboration between R&D, Product Management, external technology partners, and customers.

Product development for most of our products is managed from three competence centers, one in each of our regions (EMEA, Americas, and APAC). R&D is spread across a total of five locations in Denmark, Italy, US, and China. In 2023, 3.2% of total revenue was spent on Research & Development, an increase from the average level of 2.8% for the years 2020 to 2022.

Nilfisk has a unique product range in terms of breadth and depth versus peers in the industry. Our product portfolio spans from advanced industrial vacuum solutions to pressure washers and floorcare equipment to simpler yet effective household vacuum solutions. These products and our services are designed to ensure customer value through high durability, enhanced productivity, and a strong focus on sustainability and safety. Our product and service offerings are described on this page.

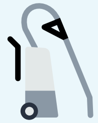
What we do

Floorcare

Our largest product line is floorcare, spanning a wide range of scrubber dryers from small walk-behinds to large ride-ons and autonomous solutions. It also includes sweepers, combination machines, carpet extractors, and burnishers. Our products enable our users to deliver a great customer experience and to provide good working conditions and a safe environment for end-users such as employees, students, workers, customers, and patients in compliance with health and safety regulations.

Vacuum cleaners

Nilfisk offers a wide range of vacuum cleaners for households and commercial customers. Our products range from small commercial cannisters and upright and backpack vacs to professional wet & dry and safety vacs to large industrial systems. Each product is designed to ensure clean, attractive spaces in homes, hospitality, offices, and transportation, as well as safe and clean working conditions in building and construction, manufacturing, and food production by removing hazardous and explosive dust and fumes.



Pressure washers

Our wide selection of pressure washers spans an extensive range of domestic use products to professional cold or hot water pressure washer products, both stationary and mobile. The range is tailored to ensure that home and gardening needs are easily handled, and that farming, building, transportation, and industrial equipment is always in great condition, ready for use. Our products are known for their compliance with strict health and safety regulations common in farming and food production.

Service

Easy and quick access to professional service is a key value proposition for our customers, especially when they are looking for productivity gains. With the help of our service technicians, customers can maximize the efficiency of their cleaning operations across the entire equipment lifecycle.

Nilfisk offers a comprehensive range of service solutions. With our strategic focus on building service-as-a-business, both existing and new customers are offered service contracts when relevant for the chosen equipment. The service contracts provide a combination of preventive maintenance, needed repairs including parts and labor, and consumables to ensure optimal performance.

About 500 Nilfisk Field Service Technicians and an additional 300 authorized third-party technicians work within Nilfisk Service Solutions to deliver service, maintenance and advice. Third-party technicians are certified by Nilfisk to ensure consistent service quality across our global network. Nilfisk Service Business has the largest coverage in EMEA regions via own Field Service Technicians, while more third party technicians are used in Americas and APAC.

In addition to our range of service solutions, Nilfisk offers spare parts, accessories, and consumables (PAC) for all product groups.

Nilfisk is also developing new customer-centric and scalable service solutions in collaboration with customers where relevant. For example, Nilfisk Connectivity Portal offers selected customers an option to monitor and track their fleet remotely while also providing data to monitor and enhance productivity.

Serving our customers through various channels and touch points

With a global sales force and well-established sales channels, we have developed valuable customer relationships and partnerships all over the world, supporting our targeted go-to-market approach.

More than 1,500 full-time employees work in our Nilfisk sales force and sales support function across more than 40 countries in our three regions: EMEA, Americas, and APAC. These employees support both direct sales to customers and indirect sales via dealers.

Direct sales
Building relationships with customers while offering personal attention and quality service are key parameters for our national sales teams. Dedicated national key account management including inside sales means our sales force can provide customers with the most relevant information along with offers for standardized packages of machines and cleaning solutions. Direct sales to customers account for around 50% of revenue in the EMEA region.

Indirect sales
Some geographies and customer types are served by handpicked and validated distributors. Through an extensive network of dealers, retailers, and selected distributors, Nilfisk's products and solutions are sold in more than 100 countries. Indirect sale range from large national exclusive dealers to smaller vendors selling a variety of cleaning products and brands. These selected distributors help us achieve solid market access, a wide customer base, and an intimate understanding of the local market, in many cases building on existing relationships with specific businesses and customer segments. Indirect sales to customers are predominant in the Americas region, where it accounts for more than 75% of revenue.

Strategic accounts
Nilfisk takes a strategic partnership approach to our largest accounts, offering internationally-coordinated key account management. We offer individually selected packages of equipment and autonomous solutions as well as financial solutions and we take pride in our installation and training services.

Customer Care
Nilfisk Customer Care teams are in contact with customers all over the world every day, helping customers with solutions to problems related to cleaning equipment or processes. Leveraging the latest technologies within voice, mail, and digital communication, Nilfisk Customer Care teams focus on delivering the highest level of customer satisfaction and ensuring that doing business with Nilfisk is as simple as possible. Customer satisfaction (measured by Relationship Net Promoter Score (RNPS)) rose in 2023. Customers reported that satisfaction with delivery performance improved and that the professionalism of our salespeople, Customer Care teams, and service technicians is highly appreciated.

During 2024, Nilfisk further enhanced the experience for our customers by driving simplification of processes, enabling our front-line teams to provide a more proactive and personalized experience for our customers.

E-commerce
Nilfisk serves customers directly via several e-commerce platforms, providing enhanced flexibility for customers to order whenever it suits them. Within the Professional Business, sales are focused on the dealer channel and during 2023, these platforms rose as a share of sales. In 2023, Nilfisk launched webshops in nine markets with consumer products selling directly to end-users in addition to introducing sales via nine marketplaces. The goal is to ensure an improved online customer experience while simplifying and globalizing the digital sales process.

1,500
full-time employees
work in our Nilfisk sales force and sales support function across more than 40 countries

40+
countries in three regions
Our three regions are: EMEA, Americas, and APAC region

R&D and Operations

Innovation is deeply rooted in Nilfisk's legacy and instrumental for the future. Our R&D setup transforms specialized insights into roadmaps for products and solutions. Operations drive planning, sourcing, logistics, manufacturing, and quality to ensure that the regions are supported with finished products and parts.

R&D

Nilfisk has concentrated R&D resources and capabilities in five competence centers strategically positioned across our regions. The collective strength of engineers is rooted in their deep insights into specialized domains, enabling the centers to serve as the bedrock for the development of both mechanical and autonomous cleaning machines as well as new solutions. R&D efforts cover the full range of applications such as floorcare, vacuum cleaners, pressure washers, industrial vacuum solutions, and consumer products. Beyond tangible products, R&D also actively contributes to the development of enterprise modules, modular software, and architectures, enriching our product ecosystem and shaping the innovation roadmap.

The competence centers provide the R&D teams with best-in-class facilities comprised of effective test labs, essential equipment, practical tools, and design software, aiding the innovation of sustainable products while also serving as hubs for customer engagement, providing dedicated training spaces for our sales and service teams.

Operations and manufacturing

Nilfisk's manufacturing setup is based on assembling components purchased from external suppliers or made in-house. Assembly is done in Nilfisk's nine manufacturing sites located across three continents. As part our Business Plan 2026 optimization, efforts to enhance supply chain robustness have resulted in the manufacturing setup changing towards a more local-for-local setup. This entails sourcing of parts and components closer to manufacturing sites, limiting transportation time, as well as reducing Scope 1 and 2 emissions. Cost-effective sourcing of components, alongside a comprehensive sales and operations planning process leading to efficient manufacturing and distribution, are important value creation factors for Nilfisk. This enables timely decisions, scalability, proactive shaping of demand, and financial predictability, all enhancing supply chain robustness.

Distribution

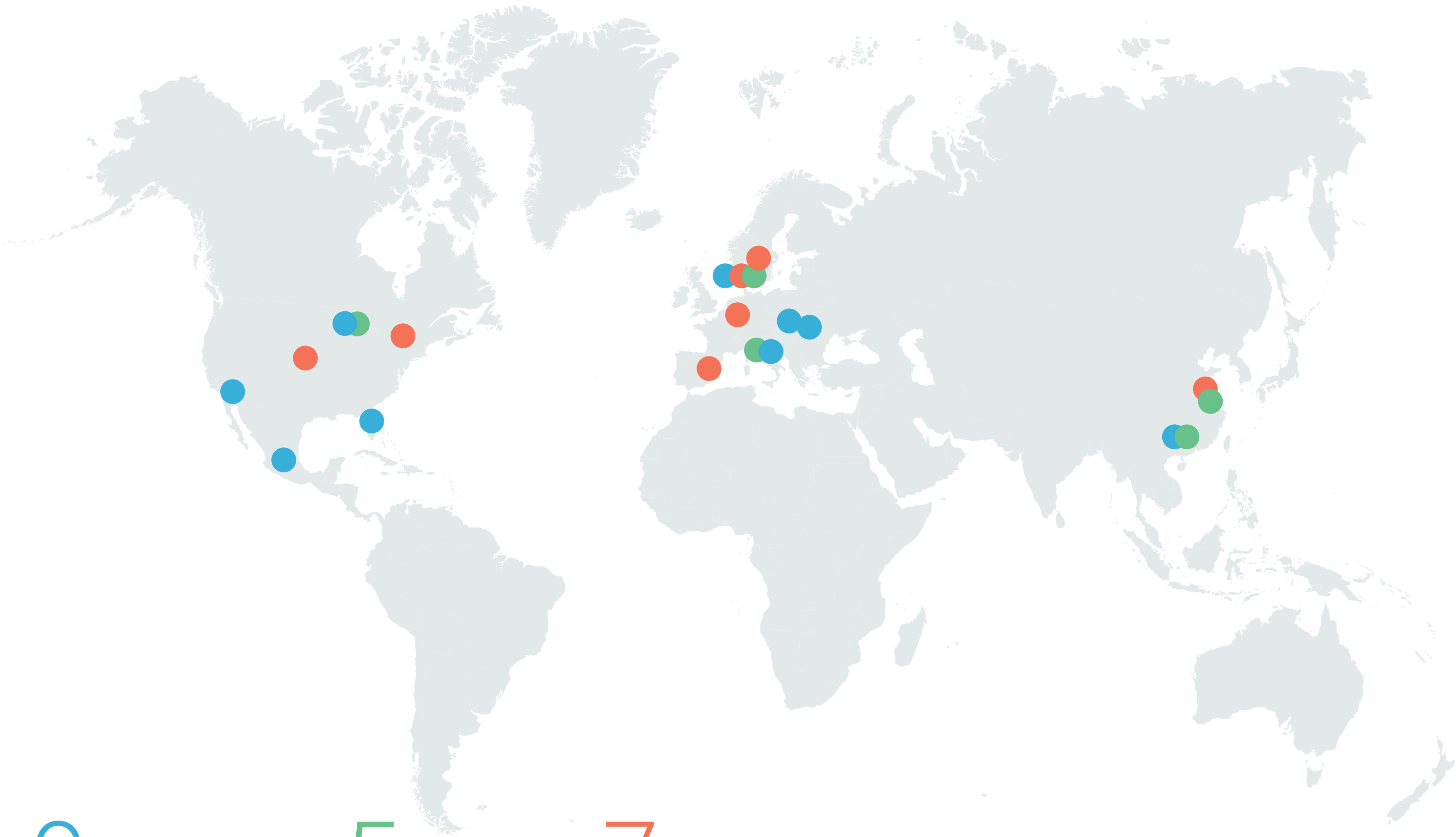
The majority of Nilfisk's product range is shipped from Nilfisk's seven Distribution Centers (DC's), but an increasing share of products are shipped directly from the manufacturing sites to our customers. This is a result of the ongoing focus on improving the customer experience, reducing carbon emission and lead-time, and continuously driving for better solutions and lower costs.

Nilfisk uses sea freight for intercontinental logistics and trucks for road logistics, seeking to choose the more sustainable logistics solution. Consequently, airfreight has been reduced to less than 1% of total freight.

As a result of increased complexity in the international trade landscape, trade compliance capabilities have been strengthening during 2023 in relation to applicable legal requirements. In addition, the focus on worker-centric supply chains and sustainability continued to impact compliance procedures and priorities.

New regional structure ensuring customer proximity
After establishing Americas as a region in 2022, Nilfisk established both EMEA and APAC as regions in 2023. The purpose of the regional structure is to ensure that decision-making is anchored close to customers, enabling responsiveness and customer centricity.

The regional leaders are accountable for the regional P&L and coordinate the day-to-day activities across marketing, sales, and service. Operations are responsible for planning, sourcing, manufacturing, logistics, and Environmental, Health and Safety matters to ensure that the regions are supported with finished products and parts.



9
Manufacturing sites

Brooklyn Park (MN, US)
Fort Pierce (FL, US)
Redlands (CA, US)
Querétaro (Mexico)
Sziget (Hungary)
Nagykanizsa (Hungary)
Aalborg (Denmark)
Zocca (Italy)
Dongguan (China)

5
R&D facilities

Brooklyn Park (MN, US)
Hadsund (Denmark)
Zocca (Italy)
Dongguan (China)
Suzhou (China)

7
Distribution facilities

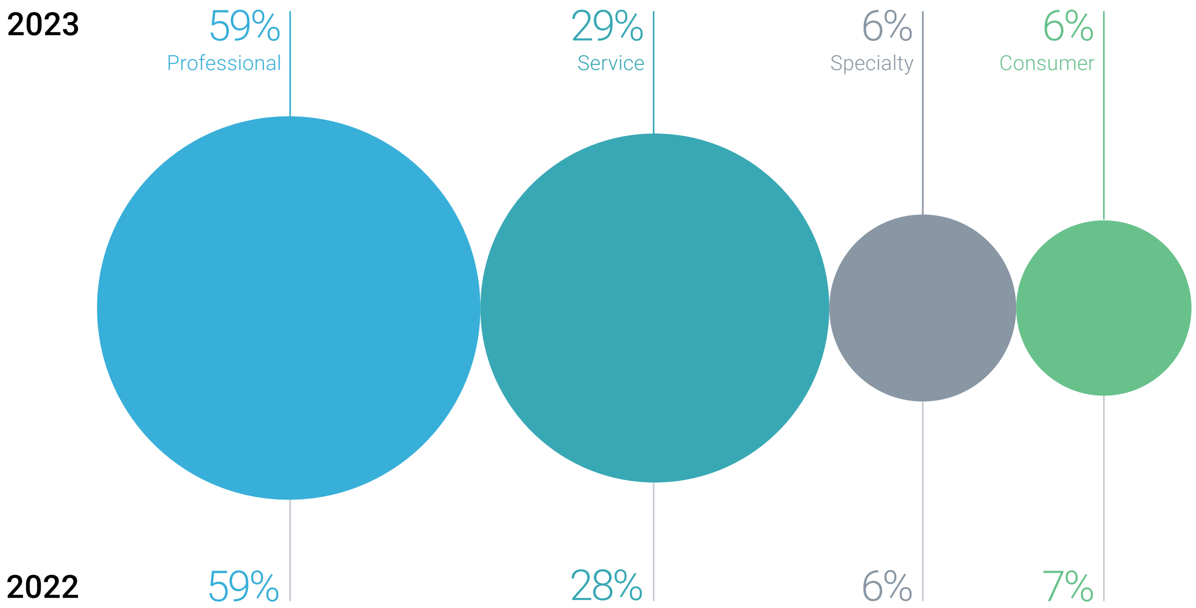
Springdale (AR, US)
Morgantown (PA, US)
Ghent (Belgium)
Tarragona (Spain)
Trollhättan (Sweden)
Horsens (Denmark)
Shanghai (China)

Our results

For 2023, Nilfisk delivered an acceptable set of results. Demand for our products was muted in Americas and EMEA, while APAC grew. The company made good progress executing our strategic Business Plan 2026, with solid improvements across several financial metrics including gross margin, cash flow, net interest-bearing debt, and gearing. For the year, we realized total revenue of 1,033.6 mEUR and an organic growth of -0.3%, driven positively by growth in the Service Business which remained strong. EBITDA before special items amounted to 132.4 mEUR corresponding to an EBITDA margin before special items of 12.8%. EBITDA amounted to 123.1 mEUR, corresponding to an EBITDA margin of 11.9%.

Business performance

Revenue



Revenue and organic growth by operating segments

EUR million	Revenue 2023	Revenue 2022	Organic growth 2023	Other	Impact of foreign exchange rates	Total growth
Professional	603.6	636.7	-1.8%	-0.3%	-3.1%	-5.2%
Service	302.4	294.4	5.5%	-0.2%	-2.6%	2.7%
Specialty	62.6	65.7	-2.6%	-0.1%	-2.0%	-4.7%
Consumer	65.0	72.7	-8.9%	-	-1.7%	-10.6%
Total	**1,033.6**	**1,069.5**	**-0.3%**	**-0.2%**	**-2.9%**	**-3.4%**

New segments
From Q1 2023, Nilfisk has been operating with a new financial reporting structure, providing revenue, gross profit, and EBITDA by segment. The segmentation supports the strategic direction by reporting on segments that are growth platforms in Business Plan 2026.

2023 in brief

1,033.6 mEUR
Revenue
Total revenue declined -3.4%, driven by muted demand for products across categories. Demand for services remained solid, while price management across the business supported revenue.

-0.3%
Organic growth
Service delivered growth. Professional and Specialty declined. Consumer declined for the year, but grew in the second half of 2023.

132.4 mEUR
EBITDA before special items
corresponding to an EBITDA margin before special items of 12.8%.

123.1 mEUR
EBITDA
corresponding to an EBITDA margin of 11.9%.

9.9 mEUR
Special items
mainly related to structural efficiency measures and restructuring in connection with the implementation of Business Plan 2026.

61.2 mEUR
Operating profit
corresponding to an operating profit margin of 5.9%.

143.0 mEUR
Operating cash flow
up by 61.0 mEUR compared to the prior year. Free cash flow came to 115.2 mEUR, an increase of 60.7 mEUR from lower working capital.

139.6 mEUR
Working capital
corresponding to a working capital ratio of 17.8% measured on a rolling 12 months basis.

Professional Business

In 2023, the Professional Business faced headwinds in EMEA and Americas as the continued slowing of the economy and market dynamics negatively impacted underlying demand. Meanwhile, APAC delivered solid growth compared to 2022.

Total revenue amounted to 603.6 mEUR compared to 636.7 mEUR in 2022 corresponding to reported growth of -5.2%. The effect of foreign exchange rates was -3.1% while other was -0.3% predominantly driven by the liquidation of our business in Russia. Consequently, organic growth for the full year came to -1.8%.

Excluding Private Label, which declined 17.3%, the organic growth was flattish year over year at -0.4%. The floorcare and vacuum product categories performed stronger, while the high-pressure washer and Private Label products negatively impacted organic growth for the professional business. The negative organic growth was related to the general economic slowdown in EMEA, however there were still some countries delivering positive organic growth including the UK, Türkiye, and Portugal. Market conditions impacted North America negatively in the second half of 2023. This was partly offset by growth in APAC and LATAM, supported by price management across all the three regions.

Gross profit for the Professional Business amounted to 232.0 mEUR, equal to an increase of 2.7 mEUR from 2022. This corresponded to a solid expansion of the gross margin to 38.4% compared to 36.0% in 2022. The gross margin improvement was driven by strong price management to actively mitigate cost inflation on raw materials and labor rate increases, alongside the lower volumes. A favorable mix of higher floorcare sales and lower freight costs also benefited the margin.

Overhead costs were 201.7 mEUR in 2023. The cost decrease of 2.5 mEUR was driven primarily by FX effects partially offset by a mixture of sales activity-related costs and merit increases across the organization. Strict cost management mitigated the negative organic growth leading to a stable overhead cost ratio year over year of 33.4%, 1.3 percentage point higher than 32.1% in 2022.

As a result, the EBITDA before special items came to 69.1 mEUR, 5.8 mEUR higher than 2022, leading to an EBITDA margin before special items of 11.4%, compared to 9.9% in 2022.

The Professional Business covers all professional machines (floorcare, vacuum cleaners and high-pressure washers) including Private Label.

Financial highlights

603.6 mEUR
Revenue

-1.8%
Organic growth

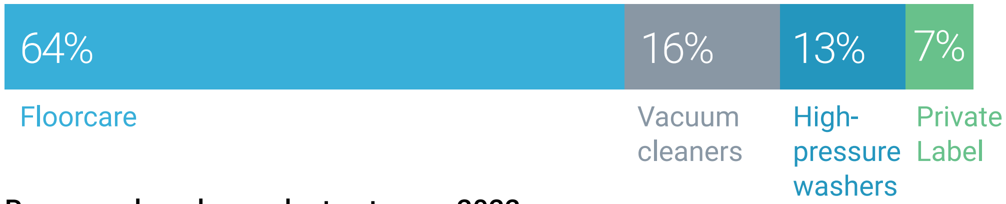
69.1 mEUR
EBITDA before special items

59%
Share of total revenue

38.4%
Gross margin

11.4%
EBITDA margin bsi

Revenue share by product category 2023



Revenue share by product category 2022

Service Business

Following the same trend as in 2022, the Service Business provided the highest growth across our business segments. The strategic priority in Business Plan 2026 to 'Develop service-as-a-business' remained a key focus area and consequently, the Service Business continued to deliver a solid performance in 2023.

Revenue amounted to 302.4 mEUR in 2023 compared to 294.4 mEUR in 2022, corresponding to a reported growth of 2.7%. The effect of foreign exchange rates was -2.6% while Other was -0.2%, leading to an underlying organic growth for the full year of 5.5%. The Service Business growth was driven by price management, solid market demand and the execution of our strategic initiatives within Business Plan 2026. Field Service drove growth in the Service business, while revenue from parts, accessories, and consumables declined in line with the lower demand for professional products.

Gross profit for the Service Business amounted to 134.4 mEUR in 2023, up from 133.4 mEUR in 2022. The gross margin came to 44.4%, 0.9 percentage point lower than the level of 45.3% in 2022. Price management supported gross profit, but unfavorable business mix and cost inflation on labor and raw materials caused a gross profit margin decline.

Overhead costs were 78.9 mEUR, an increase of 6.2 mEUR compared to 2022. The increase was primarily driven by investments into Business Plan 2026 initiatives combined with merit increases, which increased the overhead cost ratio to 26.1%, 1.4 percentage point higher than 24.7% in 2022.

The EBITDA before special items came to 72.9 mEUR, 5.5 mEUR lower than in 2022. The EBITDA margin before special items landed at 24.1%, 2.5 percentage points lower than the level in 2022.

The Service Business contains a comprehensive range of service solutions throughout the lifecycle of our professional cleaning equipment. It captures field service offerings, including managed service packages and Parts, Accessories and Consumables (PAC) for the Professional Business and IVS.

Financial highlights

302.4 mEUR
Revenue

5.5%
Organic growth

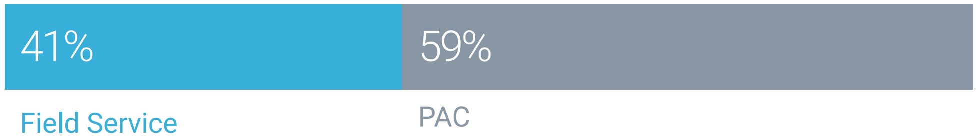
72.9 mEUR
EBITDA before special items

29%
Share of total revenue

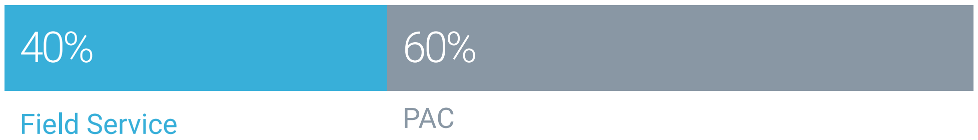
44.4%
Gross margin

24.1%
EBITDA margin bsi

Revenue share by service category 2023



Revenue share by service category 2022



Specialty Business

In 2023, the Specialty Business faced headwinds in EMEA and North America, while APAC delivered very strong growth. The continued slowing of the economy in EMEA and market dynamics in North America resulted in a decline in demand for large and specialized cleaning solutions. The very strong growth in APAC was driven by Australia, Thailand, and China.

Total revenue amounted to 62.6 mEUR, 3.1 mEUR lower than 2022, corresponding to reported growth of -4.7%. Foreign exchange rates negatively impacted the result by -2.0% while Other affected by -0.1%, leading to an underlying organic growth of -2.6%.

Gross profit amounted to 33.2 mEUR in 2023, down from 34.8 mEUR in 2022 corresponding to a gross margin of 53.0%, unchanged compared to 2022. The strong pricing management was able to mitigate the cost inflation seen in labor rate increases, alongside the lower volumes.

Overhead costs were 15.2 mEUR, a moderate decline of 0.2 mEUR compared to last year. Prudent cost management offset merit increases. EBITDA before special items came to 20.2 mEUR compared to 21.3 mEUR in 2022, driven by the negative organic growth. The EBITDA margin before special items remained flat to last year at 32.3% compared to 32.4% in 2022.

The Specialty Business covers IVS and Nilfisk Food. Service and PAC are included for Nilfisk Food.

Financial highlights

62.6 mEUR
Revenue

-2.6%
Organic growth

20.2 mEUR
EBITDA bsi

6%
Share of total revenue

53.0%
Gross margin

32.3%
EBITDA margin bsi

Consumer Business

The Consumer Business was impacted by weak consumer sentiment in the first half of 2023. This was driven by high inflation and declining consumer confidence. In the second half of the year, the Consumer Business returned to growth, driven by a low baseline from 2022 and a return of consumer spending in the market.

Revenue from the Consumer Business was 65.0 mEUR, compared to 72.7 mEUR in 2022, resulting in reported growth of -10.6%. Organic growth amounted to -8.9% and was driven by a slowdown in most markets across EMEA, with the UK, France, and the Nordics seeing the larger impacts. In addition, Nilfisk distribution partners in retail markets generally reduced inventory levels, which negatively impacted the sell-in volume.

Gross profit was lower by 1.6 mEUR from 24.5 mEUR in 2022 to 22.9 mEUR in 2023. Gross margin increased by 1.5 percentage point to 35.2% in 2023, from 33.7% in 2022, driven mainly by lower freight costs.

Overhead cost was 21.2 mEUR in 2023, 2.5 mEUR lower than in 2022. The reduction was primarily driven by strong cost management coupled with lower activity levels, including lower warehousing costs. EBITDA before special items was flat to last year at 4.5 mEUR with the EBITDA margin improving to 6.9% of revenue compared to 5.9% in 2022.

The Consumer Business covers consumer machines, service, and PAC related to consumer products.

Financial highlights

65.0 mEUR
Revenue

-8.9%
Organic growth

4.5 mEUR
EBITDA bsi

6%
Share of total revenue

35.2%
Gross margin

6.9%
EBITDA margin bsi

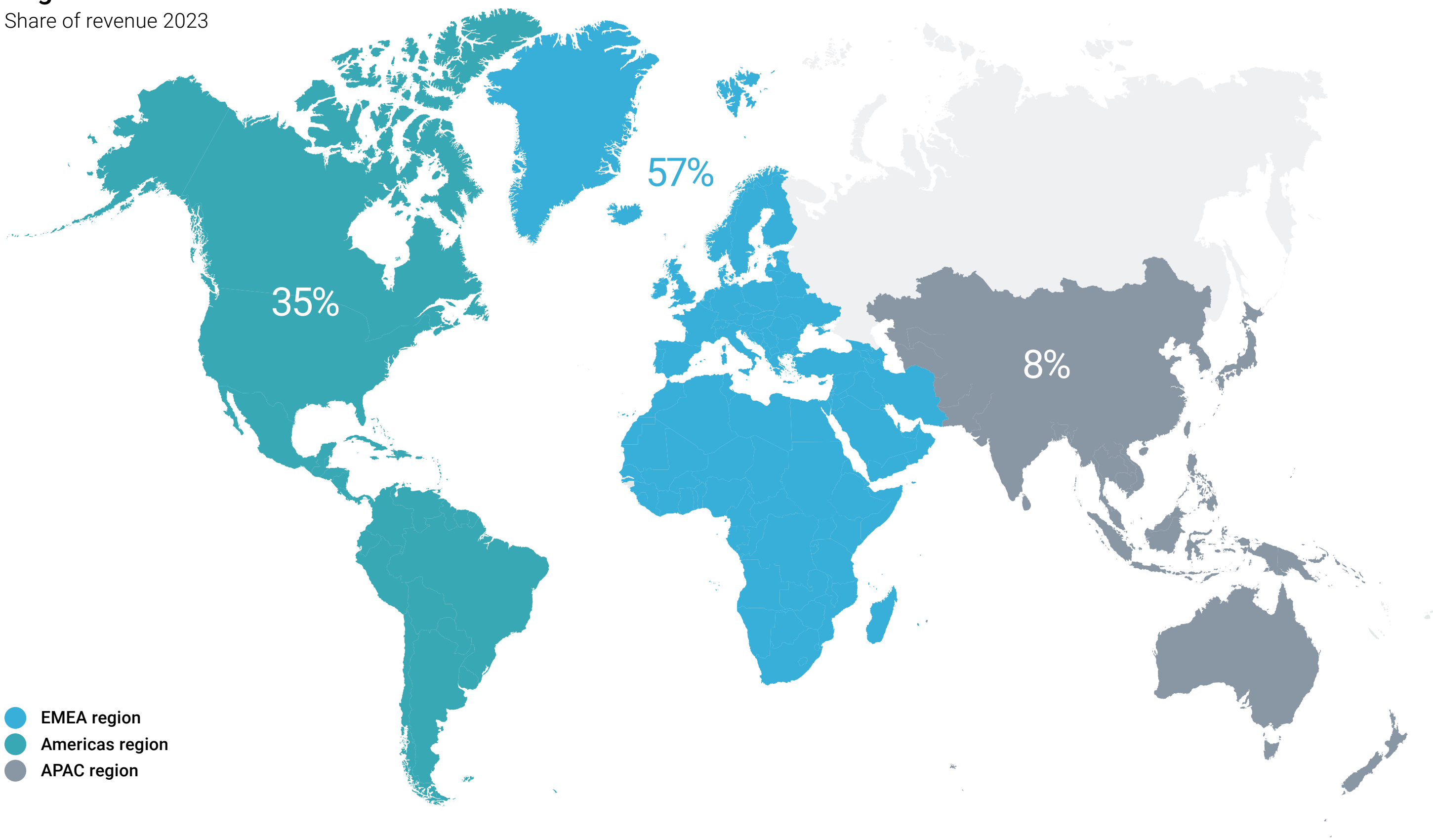
Regions

EMEA
Revenue in the EMEA region amounted to 585.6 mEUR, a decline from 616.1 mEUR in 2022, as there was muted demand across the region. This corresponded to negative organic growth of 2.5% in 2023. Central and northern Europe saw volume decline while south remained relatively flat. Across EMEA, price management mitigated part of the negative volume growth.

Americas
Revenue in the Americas region amounted to 365.9 mEUR, a decrease of 7.3 mEUR from 373.2 mEUR in 2022, corresponding to organic growth of 1.4% in 2023. Growth was driven by LATAM, which saw strong performance throughout the year, driven by both higher volumes and price management. North America saw negative organic growth as demand weakened in the second half of the year from market dynamics, resulting in negative volume growth.

APAC
Revenue from the APAC region amounted to 82.1 mEUR in 2023, an increase from 80.2 mEUR in 2022. Organic growth was strong at 8.3% in 2023, driven by continued strong demand in Australia and New Zealand. In addition to growth in the Pacific, China also contributed significantly to the growth as the country benefited from the re-opening after COVID-19 related lockdowns affecting 2022.

Regions
Share of revenue 2023



Revenue (mEUR) and organic growth (%) by region

EUR million	Revenue 2023	Revenue 2022	Organic growth 2023
EMEA	585.6	616.1	-2.5%
Americas	365.9	373.2	1.4%
APAC	82.1	80.2	8.3%
Total	**1,033.6**	**1,069.5**	**-0.3%**

Financial review for the total business

EUR million	**2023**	**2022**
Revenue	1,033.6	1,069.5
Gross profit	422.5	422.0
Overhead costs	351.4	342.5
EBITDA before special items	132.4	140.8
Profit for the period	35.3	40.6
Financial ratios:		
Organic growth	-0.3%	4.9%
Gross margin	40.9%	39.5%
EBITDA margin before special items	12.8%	13.2%
Overhead costs ratio	34.0%	32.0%
CAPEX ratio	3.0%	2.5%

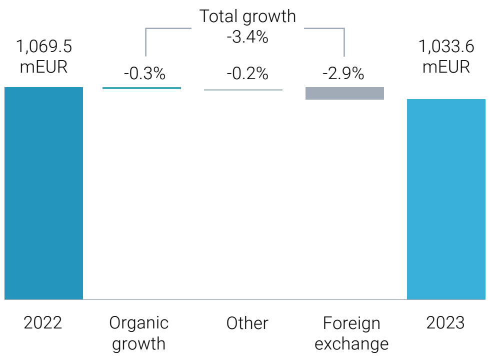
Revenue
In 2023, total revenue for Nilfisk amounted to 1,033.6 mEUR compared with 1,069.5 mEUR in 2022, corresponding to a reported growth of -3.4%. Foreign exchange rates had a negative impact of 2.9%, driven mainly by movements in USD. Other had a negative impact of 0.2%, predominantly driven by the liquidation of our business in Russia. Consequently, organic growth for 2023 was -0.3%, in line with the narrowed outlook for an organic revenue growth of around 0% provided on November 16, 2023.

The Service Business delivered strong organic growth of 5.5%, while the Professional, Specialty and Consumer Businesses declined organically by 1.8%, 2.6% and 8.9% respectively.

Gross profit
Gross profit for the total business amounted to 422.5 mEUR in 2023 compared to 422.0 mEUR in 2022. The gross margin increased to 40.9%, 1.4 percentage point higher than in 2022, where it was 39.5%. The gross margin improvement was driven by strong price management mitigating cost inflation on raw materials and labor, alongside the lower volumes. A favorable product mix and lower freight costs also benefited the margin.

Overhead costs and ratio
Overhead costs landed at 351.4 mEUR, an increase of 8.9 mEUR compared to 2022. The increase was due to merit increases, selected investments in our growth platforms in line with Business Plan 2026, and general inflationary pressures. The increase was partially offset by the effects of structural efficiency measures implemented in Q2 2023. The overhead cost ratio increased to 34.0%, also reflecting the revenue decline.

Revenue growth



EUR million	**2023**	**2022**
Total R&D spend	33.1	30.8
Expensed in the P&L	16.2	18.4
Capitalized	16.9	12.4
R&D ratio (% of revenue)	**3.2%**	**2.9%**
Expensed R&D spend	16.2	18.4
Amortization, depreciation and impairment	11.3	12.8
Total R&D expenses[1]	**27.5**	**31.2**

[1] *Excluding special items.*

Total R&D spend increased by 2.3 mEUR compared to 2022 to 33.1 mEUR, equivalent to 3.2% of total revenue in 2023. The increase was driven by investments in modular platforms and a new product pipeline. These are all related to the strategic priority 'Lead with sustainable products' within Business Plan 2026.

Out of the total R&D spend, 16.2 mEUR was recognized as an expense in the income statement compared to 18.4 mEUR in 2022, while 16.9 mEUR was capitalized compared to 12.4 mEUR in 2022. In addition to expensed costs, total reported R&D costs for 2023 were 27.5 mEUR, compared to 31.2 mEUR in 2022. This included amortization, depreciation, and impairment of 11.3 mEUR, compared to 12.8 mEUR in 2022.

Sales and distribution costs increased by 8.2 mEUR to 251.7 mEUR driven by increased staff costs from general merit increases, travel costs, and increased facility expenses as activity levels in the US Distribution Center returned to normal following the tornado incident in 2022.

Administration costs rose to 74.6 EUR compared to 70.1 mEUR in 2022, driven primarily by increased staff costs in Hungary and Mexico due to merit increases, inflationary pressures, and investments in Business Plan 2026.

Other operating income/expenses was a net income of 2.4 mEUR compared to a net income of 2.3 mEUR in 2022.

EBITDA before special items and EBITDA
EBITDA before special items amounted to 132.4 mEUR in 2023, corresponding to an EBITDA margin before special items of 12.8% compared to 13.2% in 2022. The EBITDA margin before special items was in line with the narrowed outlook for 2023 of an EBITDA margin before special items of around 13% provided on November 16, 2023. The impact of the revenue decline in Q4 2023 coupled with a strong gross margin and cost control management led to a small decline in the EBITDA margin before special items of 0.4 percentage point from 2022.

EBITDA amounted to 123.1 mEUR, down from 133.3 mEUR in 2022. The EBITDA margin declined by 0.6 percentage point to 11.9%, driven by the lower revenue.

Operating profit before special items and operating profit
Operating profit before special items amounted to 71.1 mEUR compared to 79.5 mEUR in 2022. This corresponds to an operating profit margin before special items of 6.9% compared to 7.4% in 2022.

Operating profit came to 61.2 mEUR compared to 69.6 mEUR in 2022. Consequently, the operating profit margin declined to 5.9% from 6.5% in 2022. The decrease was driven by lower operating profit and lower revenue compared to 2022.

Special items
Special items net amounted to 9.9 mEUR in line with 2022. Special items for 2023 were mainly redundancy and advisory costs incurred in connection with the continued execution of Business Plan 2026 alongside the implementation of structural efficiency measures initiated at the end of the first half of 2023. Special items in 2022

of 9.9 mEUR were mainly related to the liquidation of Nilfisk Russia as well as restructuring costs in connection with the implementation of Business Plan 2026.

Details on special items are described in Note 2.4 - Special items.

Financial items
Net financial items amounted to an expense of 14.7 mEUR in 2023 compared to an expense of 17.0 mEUR in 2022. The decrease in net financial expenses was a combination of higher interest expenses and foreign exchange losses mainly from South American currencies from a depreciating USD rate, offset by income of 9.6 mEUR from the realization of a 2-year interest cap instrument.

Tax on profit for the year
Tax on profit for the year was a cost of 12.0 mEUR compared to 14.0 mEUR in 2022. Tax on profit for the year 2023 was related primarily to current tax on profit of 17.2 mEUR partly offset by adjustment of current and prior years' deferred tax of -5.2 mEUR. In 2022, tax on profit for the year was related primarily to current tax on profit of 23.4 mEUR and adjustment of current and prior years' deferred tax of -9.4 mEUR.

The effective tax rate for 2023 was 25.4% compared to 25.6% in 2022.

Nilfisk has early adopted the EU Directive's requirement for Country-by-Country reporting, which can be found in the Sustainability report.

Profit for the year
Profit for the year amounted to 35.3 mEUR compared to a profit of 40.6 mEUR in 2022.

Working capital
At the end of 2023, working capital was 139.6 mEUR, a reduction of 62.5 mEUR compared to 2022. The decrease was driven mainly by a reduction in operating working capital primarily from lower inventories and trade receivables.

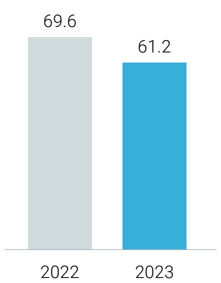
Inventories amounted to 200.5 mEUR, a decrease of 19.7 mEUR from 2022 driven by inventory management and bringing down safety stock levels to a more normalized level. Inventory days increased slightly compared to 2022.

Trade receivables were 28.0 mEUR lower than same time last year and amounted to 138.7 mEUR at the end of 2023. The decrease was a combination of lower sales activity, especially in North America, and the non-recourse factoring program of 33.7 mEUR at the end of 2023 compared to 21.1 mEUR at the end of 2022. Days sales outstanding were notably reduced compared to 2022 across several markets.

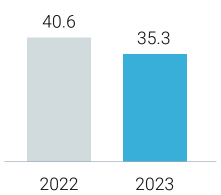
Trade payables increased by 10.3 mEUR and came to 123.5 mEUR related to timing in payments.

Other current receivables decreased by 5.8 mEUR mainly from 2022 being impacted by insurance receivables for the US Distribution Center. Please also see Note 8.3 contingent liabilities, securities and contractual obligations.

Operating profit
mEUR



Profit for the year
mEUR



Other current liabilities decreased by 1.0 mEUR primarily related to a decrease in freight payables from lower freight rates.

The 12-month average working capital ratio came to 17.8% at the end of 2023. The decrease of 3.8 percentage points compared to 2022 was driven by the reduction in operating working capital.

Capital employed and RoCE
As of December 31, 2023, capital employed amounted to 527.2 mEUR, a decrease of 58.2 mEUR compared to 2022. The decrease in capital employed was significantly driven by the above-mentioned development in working capital.

The return on capital employed was 12.7%, 0.7 percentage point lower than for 2022 due to the decrease in operating profit.

Cash flow
Cash flow from operating activities amounted to a net inflow of 143.0 mEUR compared to a net inflow of 82.0 mEUR in 2022. The development was driven primarily by inflow from changes in working capital, including an increased contribution from factoring of 12.6 mEUR. Higher net outflow from financial items and tax impacted negatively.

Cash flow from investing activities for 2023 amounted to a net cash outflow of 27.8 mEUR, corresponding to an increase of 0.3 mEUR compared to 2022. The increase was a combination of investments into strategic R&D projects and investments and profit from sale of a building.

Free cash flow increased by 60.7 mEUR compared to 2022 and amounted to 115.2 mEUR.

Equity
Equity was 275.0 mEUR at the end of 2023 against 260.7 mEUR at the end of 2022. Equity was positively impacted by the reported profit for the year, partly offset by other adjustments. Other adjustments were driven by foreign exchange rate loss adjustments, value adjustments from hedging, and a share option program decrease deriving from realization of the 2020 performance share program.

Net interest-bearing debt
At the end of 2023, total net interest-bearing debt stood at 252.2 mEUR, down by 72.5 mEUR compared to end of 2022, mainly driven by the decrease in working capital.

The financial gearing at the end of the year was 1.9x versus 2.3x at the end of 2022.

Events after the balance sheet date
On January 26, 2024, the Court ruled in favor of Nilfisk in relation to the lawsuit filed against Nilfisk with respect to the insurance payout for the tornado destruction of the US Distribution Center. For further information, please refer to Note 8.3 Contingent liabilities, securities, and contractual obligations.

Other than as set out above, we are not aware of events subsequent to December 31, 2023 that materially affect the assessment of the consolidated financial statements.

Q4 performance

EUR million	Q4 2023	Q4 2022
Revenue	252.9	270.3
Gross profit	105.6	108.1
Overhead costs	86.3	84.7
EBITDA before special items	35.1	39.5
Profit for the period	7.6	11.8
Financial ratios:		
Organic growth	-2.9%	2.3%
Gross margin	41.8%	40.0%
EBITDA margin before special items	13.9%	14.6%
Overhead costs ratio	34.1%	31.3%
CAPEX ratio	4.3%	3.3%

Revenue
In Q4 2023, total revenue amounted to 252.9 mEUR corresponding to a reported decline of -6.4% compared to revenue of 270.3 mEUR in Q4 2022. Organic growth was -2.9%, with a negative foreign exchange effect of -3.5%. The negative impact on reported growth was predominantly driven by market headwinds in the US and Canada. This was partially offset by growth in APAC while EMEA delivered flattish growth.

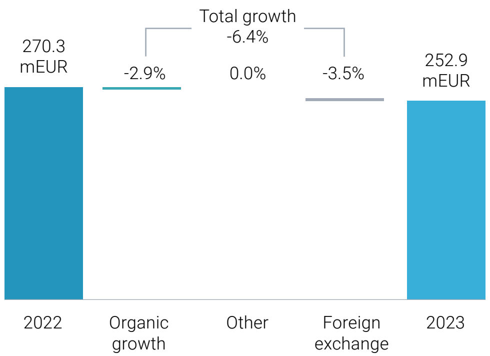
In the Professional Business, organic growth was negative at 6.1%, impacted by muted demand in North America and EMEA, partially offset by price management across the regions. APAC delivered solid organic growth of 3.2% in the Professional Business, primarily driven by demand in China, Japan and Australia.

Revenue from the Service Business grew 1.0% organically compared to Q4 2022. Growth was driven by price management and the increased focus on growing Field Service, which was partially offset by lower PAC sales impacted by lower demand for equipment.

In the Specialty Business, organic growth was 0.7% in Q4 2023, supported by overall price management. This was partially offset by muted demand across regions, particularly Americas.

The Consumer Business delivered very strong organic growth of 11.8%, driven by a continued return of consumer demand combined with price management. The organic growth was visible across EMEA with Denmark and Germany as the strongest contributors.

Revenue growth



Gross profit
Gross profit was 105.6 mEUR in 2023, a decrease of 2.5 mEUR from 2022. The gross margin was 41.8%, 1.8 percentage points higher than in Q4 2022. The increase in margin was driven by price management offsetting raw material and labor cost increases. Lower freight rates versus the prior year also benefited the gross margin.

Overhead costs and ratio
Overhead costs increased by 1.6 mEUR compared to Q4 2022 and amounted to 86.3 mEUR, corresponding to an overhead cost ratio of 34.1%, 2.8 percentage points higher than in Q4 2022. The increase was driven by merit increases combined with investments in Business Plan 2026 initiatives, partially offset by the effects of structural cost efficiency measures initiated in the second quarter of 2023.

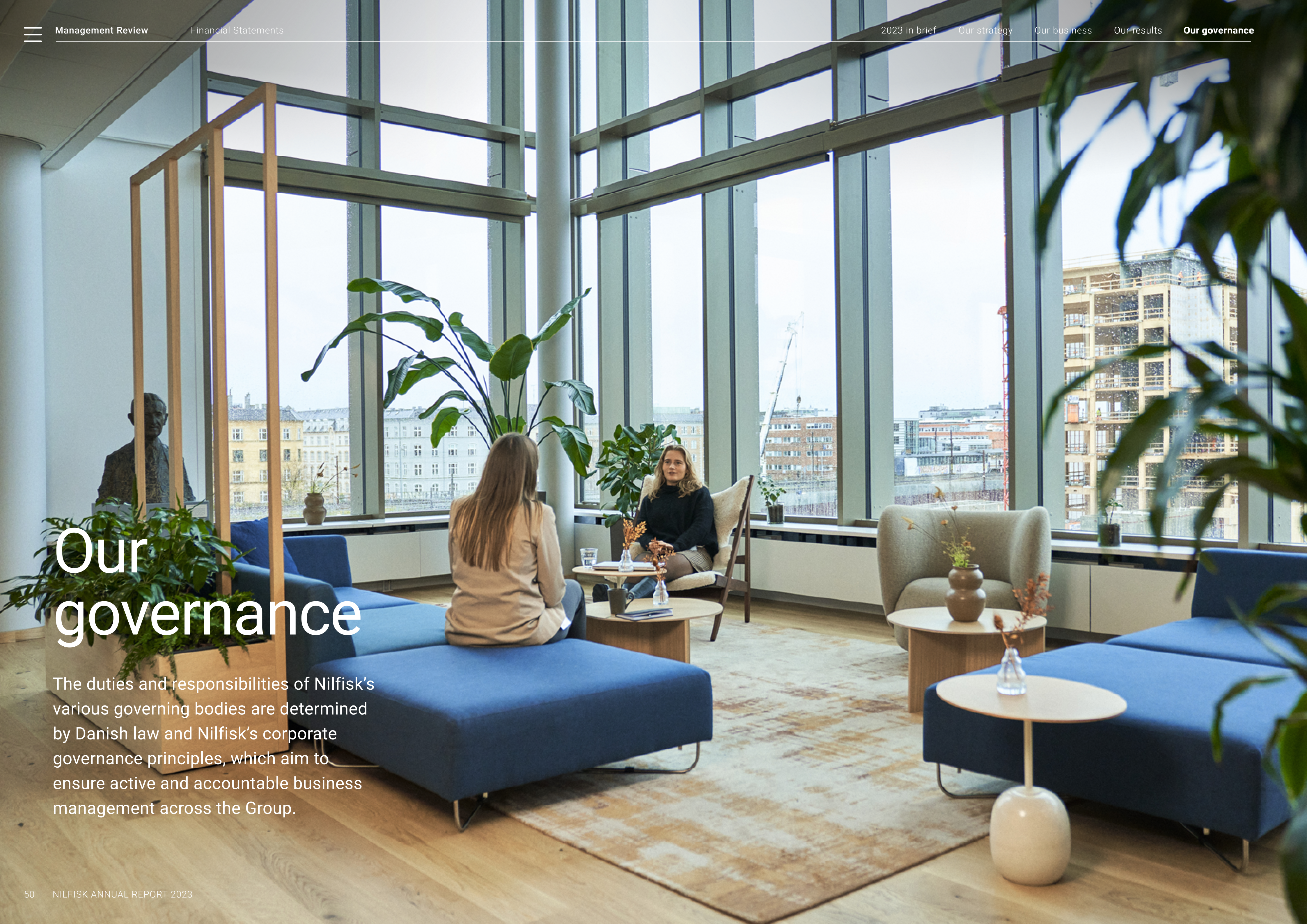
EBITDA before special items and EBITDA
EBITDA before special items came to 35.1 mEUR, 4.4 mEUR lower than Q4 2022. The decrease was due to the muted demand, predominantly in North America. As a result, the EBITDA margin before special items was 13.9%. EBITDA came to 32.8 mEUR, corresponding to an EBITDA margin of 13%.

Revenue in Q4 2023, mEUR
252.9

Organic growth
-2.9%

Quarterly overview

EUR million	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Income statement					
Revenue	252.9	247.8	276.5	256.4	270.3
EBITDA before special items	35.1	31.2	38.0	28.1	39.5
EBITDA	32.8	30.1	34.1	26.1	38.7
Operating profit before special items	19.3	15.7	22.9	13.2	23.4
Operating profit	16.9	14.4	18.9	11.0	22.5
Special items, net	-2.4	-1.3	-4.0	-2.2	-0.9
Financial items, net	-6.6	-6.7	3.7	-5.1	-7.4
Profit for the period	7.6	5.8	17.3	4.6	11.8
Cash flow					
Cash flow from operating activities	43.0	36.0	43.6	20.4	57.1
Cash flow from investing activities	-10.8	-6.2	-3.5	-7.3	-8.7
— hereof investments in property, plant and equipment	-2.8	-2.0	-1.6	-2.2	-3.9
— hereof investments in intangible assets	-8.0	-5.8	-4.2	-4.4	-5.1
Free cash flow excluding acquisitions and divestments	32.2	29.8	40.1	13.1	48.4
Statement of financial position					
Total assets	814.0	826.8	843.4	855.0	863.4
Group equity	275.0	275.6	265.1	260.8	260.7
Working capital	139.6	165.6	179.6	197.5	202.1
Net interest-bearing debt	252.2	271.1	291.5	317.9	324.7
Capital employed	527.2	546.7	556.5	578.7	585.4
Financial ratios and employees					
Organic growth	-2.9%	-0.7%	4.3%	-2.0%	2.3%
Gross margin	41.8%	41.2%	40.4%	40.2%	40.0%
EBITDA margin before special items	13.9%	12.6%	13.7%	11.0%	14.6%
EBITDA margin	13.0%	12.1%	12.3%	10.2%	14.3%
Operating profit margin before special items	7.6%	6.3%	8.3%	5.1%	8.7%
Operating profit margin	6.7%	5.8%	6.8%	4.3%	8.3%
Financial gearing	1.9	2.0	2.2	2.4	2.3
Overhead costs ratio	34.1%	34.9%	32.1%	35.1%	31.3%
CAPEX ratio	4.3%	3.1%	2.1%	2.6%	3.3%
Working capital ratio	17.8%	19.4%	20.9%	21.9%	21.6%
Return on Capital Employed (RoCE)	12.7%	13.0%	12.4%	11.7%	13.4%
Basic earnings per share (EUR)	0.28	0.21	0.64	0.17	0.44
Diluted earnings per share (EUR)	0.28	0.21	0.64	0.17	0.44
Number of full-time equivalents, end of period	4,698	4,681	4,697	4,684	4,655



Our governance

The duties and responsibilities of Nilfisk's various governing bodies are determined by Danish law and Nilfisk's corporate governance principles, which aim to ensure active and accountable business management across the Group.

Corporate governance

Nilfisk's governance structure consists of its Shareholders, the Board of Directors, and the Nilfisk Leadership Team.

Shareholders
The shareholders of Nilfisk Holding A/S exercise their decision-making rights at general meetings. At the Annual General Meeting, shareholders elect board members and the independent auditor, and they approve the Annual Report including company financial results, remuneration of the Board of Directors, discharge of liability for Management and the Board of Directors, as well as any dividend proposal or amendment to Nilfisk Holding A/S' Articles of Association. Shareholders may include additional topics on the agenda of the Annual General Meeting in accordance with the company's Articles of Association and the Danish Companies Act.

The general meeting adopts decisions in accordance with the general rules set out in the Danish Companies Act.

The Board of Directors
The Board of Directors holds overall responsibility for the management of Nilfisk and the company's strategic direction.

The Board of Directors consists of a total of twelve members. Eight members are elected by the shareholders and four members are elected by the employees.

All shareholder-elected members are up for election every year at the Annual General Meeting. The employee-elected members serve four-year terms. The current employee-elected members were elected in March 2022, and their terms will expire in 2026.

Among the shareholder-elected members are two women and six men. The employee-elected members include one woman and three men. Of the eight shareholder-elected members, one lives in Denmark, two live in Sweden, two live in Norway, one lives in Portugal, one lives in Italy, and one lives in Luxembourg. Five members are considered independent and three are considered non-independent.

The Board of Directors includes people with strong international business experience in the areas of industry, energy, high technology, finance, business management, and development. They are deemed to possess the required expertise and seniority. See pages 55-57 for particulars of Nilfisk's Board of Directors.

The Board of Directors has adopted an annual plan ensuring that all relevant matters are addressed throughout the year. A minimum of six ordinary Board meetings are held annually.

Part of the Board's responsibility is to ensure that the company has a capital and share structure that matches its strategic direction and the long-term creation of value for the benefit of its shareholders. Considerations on capital and share structure are undertaken annually by the Board of Directors.

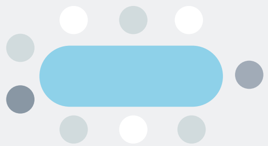
Under the company's Articles of Association, the Board of Directors holds authorizations granted by the shareholders to issue new shares, warrants, and convertible loans. The maximum aggregate nominal share capital increase allowed under these authorizations is 200 mDKK. However, in no event can the issuance of new shares without preemptive rights for existing shareholders exceed an aggregate nominal share capital amount of 100 mDKK. These authorizations are valid until March 24, 2027.

The Board of Directors also holds an authorization from the shareholders to acquire treasury shares up until and including March 24, 2027, up to an aggregate nominal amount of 54,252,720 DKK, corresponding to almost 10% of the company's current share capital. The company's holding of treasury shares at any time may not exceed 10% of the company's issued share capital. The purchase price for the relevant shares may not deviate by more than 10% from the price quoted on Nasdaq Nordic at the time of purchase.

Board Committees
The Board of Directors has appointed three standing committees: an Audit Committee, a Nomination Committee, and a Remuneration Committee. Additionally, the Chair meets regularly with the Executive Management of Nilfisk to discuss relevant topics in between Board meetings.

All board committees report to the Board of Directors, and senior representatives from Nilfisk act as secretariat for the committees. The Audit Committee and the Remuneration Committee each has two members, whereas the Nomination Committee has three members. The Board of

Nilfisk Board of Director's Committees



Audit Committee

Jutta af Rosenborg (Chair)
Viveka Ekberg

Remuneration Committee

Peter Nilsson (Chair)
Are Dragesund

Nomination Committee

Peter Nilsson (Chair)
René Svendsen-Tune
Franck Falezan

Directors considers this composition appropriate to ensure efficient and focused committee work, reporting, and decision-making within the Board of Directors.

Audit Committee
In 2023, the Audit Committee consisted of two members. The Audit Committee is appointed for one year at a time. All members possess the relevant financial expertise, and both members qualify as being independent.

The principal duties are:

- To monitor the financial reporting process and compliance with existing legislation, standards and other regulations for listed companies relating to presentation and publication of financial reporting
- To monitor whether the company's internal control and risk management systems function efficiently
- To monitor the statutory audit of the annual financial statements
- To monitor ESG reporting and assurance-related responsibilities
- To monitor the independence of auditors and their supply of non-audit services to the Nilfisk Group
- To make recommendations to the Board of Directors concerning the election of auditors

The work of the Audit Committee is described in its charter available online at Nilfisk's Investor Relations site and is formalized in an annual plan approved by the Board of Directors.

The Audit Committee reports to the Board of Directors at all regular board meetings to ensure efficient decision-making.

The Nilfisk auditors attend all Audit Committee meetings. An annual wheel is used to determine the subjects discussed in each meeting ensuring all relevant matters are covered. This includes statutory requirements alongside deep dives into current concerns.

In 2023, the Audit Committee took steps to improve its oversight of sustainability reporting, in consideration of the upcoming requirements of the Corporate Sustainability Reporting Directive (CSRD), which will be effective from January 2024. During the year, an in-depth training session was held on this topic.

Internal control and risk management related to the financial reporting process
Nilfisk has several policies and procedures in specific areas of financial reporting, including the Accounting Manual, the Risk Management Policy, the IT Security Policy, the Treasury Policy, the Insurance Policy, the Tax Policy, and the Integrity Policy & Business Code of Conduct. These policies and procedures apply for all subsidiaries.

Risk assessment
The risks related to each accounting process and line item in the financial statement are assessed based on quantitative and qualitative factors. The associated risks are identified based on the evaluation of the likelihood of occurring and the potential impact. The financial reporting control framework covers all material subsidiaries. Please refer to the Risk Management section on page 60.

Control activities
Nilfisk has implemented a formalized financial reporting process for the strategy process, budget and forecast process as well as for the monthly internal reporting on actual performance. Financial information reported is reviewed both by controllers with regional or functional knowledge of the individual companies/functions and by technical accounting specialists.

The financial reporting is dependent on IT systems. A central controlling function conducts financial compliance reviews throughout the organization based on a defined review strategy and risk assessment. The key controls implemented based on the financial reporting framework are systematically monitored and tested in conjunction with controller visits performed by Nilfisk Group Controlling. Key controls, including general IT controls for subsidiaries considered relevant from a risk or/and risk perspective, are tested at least once every five years.

Internal controls related to the financial reporting process are established to detect, mitigate, and correct material misstatements in the financial statements.

Remuneration Committee
The overall responsibility of the Remuneration Committee is to oversee the remuneration of the Board of Directors, the Executive Management Board, and other members of the Nilfisk Leadership Team to ensure that the company's remuneration practice is appropriate, balanced, and effective to achieve growth, profitability, and shareholder value. This responsibility includes establishing the Remuneration Policy for the Board of Directors and the Executive Management Board, making proposals on changes to the Remuneration Policy, and obtaining the approval of the Board of Directors prior to seeking shareholders' approval at the Annual General Meeting.

The Remuneration Committee also oversees the company's short-term and long-term incentive programs, including awards, target-setting, and a review of target achievements every year. The Remuneration Committee reports to the Board of Directors at all regular board meetings to ensure efficient decision-making.

Main activities in 2023
In 2023 the main activities of the Remuneration Committee have been:

- Setting targets for the performance share program this year
- Setting targets for the annual incentives plan
- Reviewing achievement against targets under the company's annual incentive plan and the performance share program
- Preparing, drafting, and approving an updated Remuneration Policy, which was adopted at the 2023 Annual General Meeting, to allow for the use of variable instruments in the form of warrants
- Implementing a new warrant-based management incentive program
- Review and sign-off of the Remuneration Report. This can be found on the Nilfisk website

Nomination Committee
The purpose of the Nomination Committee is to define and assess the qualifications required of the Board of Directors, the Group CEO, and the Group CFO, to initiate an annual self-assessment within the Board of Directors, and to exercise grandfather rights with respect to members of the Nilfisk Leadership Team.

Self-assessments
The purpose of the annual self-assessment is to evaluate the performance and expertise required within the Board of Directors, and to identify future areas of focus.

Every third year the Board of Directors utilizes a professional consultant to assist with this assessment. The Board of Directors' 2023 self-assessment was scheduled to be conducted with external consultant support, however, due to the significant CEO search activity it was decided to postpone this for 2024. The 2023 self-assessment was thus conducted without external consultant support. Conclusions from the 2023 board self-assessment conducted in the last quarter of 2023 were that the Board has the necessary and relevant competencies and experience but could benefit from additional diversity (in all aspects) and with new sustainability requirements entering into force the Board could also benefit from additional competencies and training in this area.

Focus areas for improvement should be cooperation with the Nilfisk Leadership Team, tracking of key initiatives, and retention at C-level.

The Board of Directors also performs an annual assessment of the Group CEO and Group CFO covering two main areas: The interaction between these executives and the Board of Directors, and the expertise of these executives. The assessment takes the form of a general discussion by the Board of Directors, after which the assessment findings are communicated by the Chair to the Group CEO and Group CFO.

The Chair will share the key messages from the Board of Directors' self-assessment at the Annual General Meeting.

The Nilfisk Leadership Team
The day-to-day responsibility for Nilfisk's management lies with the Nilfisk Leadership Team, consisting of nine members counting the Group CEO and eight direct reports. The Nilfisk Leadership Team is responsible for the conduct of business, all operational matters, organization, allocation of resources, establishing and implementing strategies and policies, direction-setting, and timely reporting of information to the Board of Directors. See pages 58-59 for particulars of the Nilfisk Leadership Team.

Target figure for the underrepresented gender
Nilfisk seeks to provide equal opportunities for all genders, and gender is in focus when assessing qualifications and experience of Board candidates. While Nilfisk believes the current Board of Directors has an optimal composition based on qualifications, the target figure of the underrepresented gender, guided by section 99b of the Danish Financial Statements Act, is consistently monitored to ensure it is realistic and ambitious. A Nilfisk target figure for the underrepresented gender among shareholder-elected Board members of minimum 25% was set in 2021 to be achieved by no later than 2024. This target was achieved in 2023, and the Board of Directors has consequently set a new target for the underrepresented gender to constitute 37.5% by no later than 2027, which is within the definition of equal representation in Danish legislation for a Board consisting of 8 members. Nilfisk's focus on diversity and inclusion is described in our Sustainability Report, which includes the UN Global Compact Communication on Progress report and can be found at Nilfisk's website: https://www.nilfisk.com/global/about-nilfisk/corporate-social-responsibility/.

Corporate governance recommendations
As a listed company on Nasdaq Nordic, Nilfisk is subject to Nasdaq Nordic's rules governing share issuers, and also the corporate governance recommendations issued by the Danish Committee on Corporate Governance which can be found at https://corporategovernance.dk. Nilfisk complies with all but three of the current recommendations:

- With respect to the recommendation that members of the executive management are not members of the Board of Directors, Nilfisk chose to appoint a member of the Board of Directors as interim CEO as a consequence of the former CEO's request for early release from duties due to family reasons. The appointment is for a limited period of time until the new CEO can take up the position, latest on July 1, 2024.
- With respect to the recommendation that a majority of the members of a board committee should be independent, this was the case for the Audit Committee and the Remuneration Committee, however, for the Nomination Committee two out of three members were considered non-independent for the period from August 17, 2023.
- With respect to the recommendation to include external assistance in the Board evaluation at least every three years, the Board of Director's self-assessment in 2023 was not facilitated by an external advisor.

The Company's statutory report on corporate governance includes the full list of recommendations, with comments on the Group's position on each recommendation. More details can be found in Nilfisk's annual reporting on the corporate governance recommendations available at Nilfisk's Investor Relations site https://nilfisk.gcs-web.com/.

Board of Directors

2023 attendance overview

	Board of Directors meetings	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings	9	5	4	4
Peter Nilsson	●●●●●●●●●		●●●●	●●●●
René Svendsen-Tune[1]	●●●●●●●●●			●●●●
Bengt Thorsson[2]	●○●●●●●			
Richard Bisson[3]	●○			
Are Dragesund[4]	●●●●●●●●●	●●	●●●	
Franck Falezan	●●●●●●●●●			●●●●
Jutta af Rosenborg	●●●●●●●●○	●●●●●		
Thomas Lau Schleicher[5]	●●		●	
Viveka Ekberg[6]	●●●●●●●	●●●		
Ole Kristian Jødahl[7]	●●●●●●○			
Gerner Raj Andersen	●●●●●●●●●			
Nadia Roya Damiri	●●●●●●●●●			
Marcus Faber Kappendrup	●●●●●●●●○			
Claus Dalmose	●●●●●●●●●			

[1] *Deputy Chair until August 17, 2023.*
[2] *Member of the Board of Directors since March 23, 2023. Deputy Chair since August 17, 2023.*
[3] *Member of the Board of Directors until March 23, 2023.*
[4] *Member of the Audit Committee until March 23, 2023. Member of the Remuneration Committee since March 23, 2023.*
[5] *Member of the Board of Directors and Remuneration Committee until March 23, 2023.*
[6] *Member of the Board of Directors and Audit Committee since March 23, 2023.*
[7] *Member of the Board of Directors since March 23, 2023.*

Board of Directors




	Peter Nilsson Chair, Born 1962 Independent	**Bengt Thorsson** Deputy Chair, Born 1964 Independent	**René Svendsen-Tune** Member, Born 1955 Non-independent	**Jutta af Rosenborg** Member, Born 1958 Independent
First elected in	March 2022	March 2023	October 2017	October 2017
Expiry of current term	March 2024	March 2024	March 2024	March 2024
Core competencies	• Executive management • Management of listed companies • Application of business models and value chains, including service and aftermarket	• International management • Business and service transformation • Mergers and Acquisitions	• International management • Management of listed companies • Service businesses • Large account sales	• International management • Management of listed companies • Finance and business optimization
Committees	• Nomination Committee • Remuneration Committee	N/A	• Nomination Committee	• Audit Committee
Selected positions and directorships	• Chair of the board of directors of Lindab Group • Deputy chair of Creaspac AB • Member of the board of directors of Cavotec SA	• CEO and President of Permobil Group • Chair of the board of directors of GoodSolutions AB	• Deputy chairman of the board of directors of NKT A/S • Chair of the board of directors of Stokke A/S and Asetek A/S • CEO of Nilfisk Holding A/S	• Member of the board of directors and chair of the Audit Committee of JPMorgan European Growth & Income plc, BBGI Global Infrastructure S.A., RIT Capital Partners plc
Education	• MSc in Business and Economics	• BSc in Business Administration	• BSc Eng. (hon.)	• MSc in Business Economics and Auditing
Nilfisk shares end of 2023[1]	40,104 (27,104)	0 (0)	11,501 (4,000)	8,000 (0)

[1] *End of 2022 in parenthesis.*

Board of Directors




	Are Dragesund	**Franck Falezan**	**Ole Kristian Jødahl**	**Viveka Ekberg**
	Member, Born 1975 Non-independent	Member, Born 1971 Non-independent	Member, Born 1971 Independent	Member, Born 1962 Independent
First elected in	June 2020	June 2020	March 2023	March 2023
Expiry of current term	March 2024	March 2024	March 2024	March 2024
Core competencies	• M&A and capital markets • Restructuring and profit improvement • Strategy and organization	• Strategy, • Restructuring • Finance	• Executive management, strategic and operational • Management of leading global industrial companies • Acquisitions, integrations, distribution and service business	• Strategy development, change management and profit improvement across multiple industries • Leading audit committees; financial and risk management, reporting and control • Capital markets, financial analysis and investments
Committees	• Remuneration Committee	• Nomination Committee	N/A	Audit Committee
Selected positions and directorships	• Co-Head Ferd Capital, Ferd AS • Member of the board of directors of Mestergruppen A/S, Leroy Seafood Group ASA and Brav AS	• Founder and Managing Partner at PrimeStone	• President and CEO of Alimak Group AB • Member of the board of directors of Alimak Group AB	• Member of the board and chair of the audit committee of AutoStore Holdings Ltd, Lindab International AB, and Dellner Couplers Group AB
Education	• MsC Economics and Business Administration	• Master in Business Administration	• Economics studies at NHH, Norwegian School of Economics	• MSc in Accounting & Finance and International Business
Nilfisk shares end of 2023[1]	0 (0)	0 (0)	4,000 (0)	9,500 (0)

[1] *End of 2022 in parenthesis.*

Board of Directors

				
	Gerner Raj Andersen Employee representative Born 1966	**Claus Dalmose** Employee representative Born 1967	**Nadia Roya Damiri** Employee representative Born 1978	**Marcus Faber Kappendrup** Employee representative Born 1976
First elected in	March 2018	March 2022	March 2022	March 2022
Expiry of current term	March 2026	March 2026	March 2026	March 2026
Position at Nilfisk	• Customer Care Representative • Joined Nilfisk in 1990	• Director, Architecture & Technology • Joined Nilfisk in 2012	• Director, Operations Strategy & Program Management Office • Joined Nilfisk in 2015	• Enterprise Architect • Joined Nilfisk in 1999
Committees	N/A	N/A	N/A	N/A
Selected positions and directorships	• Owner of Mågaard I/S • Member of the board of Sem Vandværk	N/A	• Daily Manager of the Occupational, Health & Safety team at Nilfisk head office sites, board member in the staff association at Nilfisk, and member of the European Works Council (representing Denmark) • Voluntarily board member in Save the Children Denmark (Capital Region)	• Board Member in the staff association at Nilfisk
Education	• Secondary program	• MSc in Electrical Engineering	• MSc in Supply Chain Management, with a minor in IT-based modeling of Supply Chains and implementation	• Degree in Business administration
Nilfisk shares end of 2023[1]	210 (210)	130 (30)	145 (145)	32 (32)

[1] *End of 2022 in parenthesis.*

Nilfisk Leadership Team




	René Svendsen-Tune President & CEO Member of the Executive Management Board	**Reinhard Mayer** Executive Vice President & CFO Member of the Executive Management Board	**Siam Schmidt** Executive Vice President People, Organization & Culture	**Hans Flemming Jensen** Executive Vice President Strategy & Specialty Business
Joined Nilfisk	2017 (Board of Directors) / 2023 (CEO)	2021	2022	2017
Core competencies	• International management • Management of listed companies • Service businesses • Large account sales	• International finance • IT • Legal and compliance • Supply chain • M&A	• Development of people, organization and culture • Diversity, equity & inclusion (DE&I) • Environment, health, and safety (EHS) • M&A • Transformations	• Organizational leadership • Transformations • Business strategy design and execution • M&A, business development, partnerships, and corporate ventures
Positions and directorships	• Deputy chair of the board of directors of NKT A/S • Chair of the board of directors of Stokke A/S, Asetek A/S and GN Foundation • Member of the board of directors of Nilfisk Holding A/S	N/A	N/A	• Board member, Thoro.ai (US)
Previous positions	• GN Store Nord • Nokia	• Getinge AB • Hansgrohe SE	• Novo Nordisk • Leo Pharma A/S	• Kromann Reumert • NKT Holding A/S
Education	• BSc Eng. (hon.)	• BSc in Business Engineering from Karlsruhe University of Applied Sciences	• MSc of Arts in Communications and Organizational Development from Aalborg University	• Master of Laws, University of Copenhagen
Nilfisk shares end of 2023[1]	11,501(4,000)	25,569 (13,869)	4,250 (2,000)	5,082 (735)

[1] *End of 2022 in parenthesis.*

Nilfisk Leadership Team





	Camilla Ramby Executive Vice President Marketing, CSR & Consumer Business	**Jamie O'Neill** Executive Vice President Americas Region	**Christopher Riau** Executive Vice President EMEA Region & Service Business	**Thomas Dragø Nielsen** Executive Vice President APAC Region	**Peter Szabo** Executive Vice President Operations
Joined Nilfisk	2018	2012	2007	1995	2023
Core competencies	• International marketing, sustainability & ESG • International B2C sales and business development	• Global sales • Commercial & strategic account development • Customer relationship management & enhanced customer experience • Company culture	• Service businesses • Commercial management • International sales • Industrial engineering	• General management & business leadership • Commercial activation and execution • Task oriented and result driven	• International business leadership • R&D and global operations management • Manufacturing • Business transformations, lean transformations, and sustainable growth development
Positions and directorships	N/A	N/A	N/A	N/A	N/A
Previous positions	• Danske Bank A/S • TDC A/S • Codan A/S	• Hilti	• Elis • Robert Bosch • Mercedes-Benz	• Nilfisk Pty. Ltd. (Australia) • Nilfisk Ltd. (UK)	• ISS A/S • Carrier (United Technologies Corporation) • Ford Motor Co.
Education	• MSc in International Marketing & Management	• BA in Business	• General Management Program from Harvard Business School • MSc Industrial Engineering from CentraleSupélec ECP Engineering School • BSc Business and Production Management from Reutlingen-EMLV University	• MSc International Business Economics	• MSc in Mechanical Engineering with specialization in Transportation & Process Engineering from Budapest University of Technology and Economics, Hungary
Nilfisk shares end of 2023[1]	4,861 (1,155)	846 (0)	2,100 (0)	802 (52)	0 (0)

[1] *End of 2022 in parenthesis.*

Risk management

Risk is a natural part of doing business. At Nilfisk we have a structured, consistent, and continuous approach to ensure that our risk exposure is assessed, minimized, and managed to the extend possible.

The overall objective of risk management is to support the realization of Nilfisk's strategy and support our operational and financial objectives, ensuring that risks are properly identified and mitigated. We use an integrated risk management framework to identify, assess, manage, monitor, and communicate risks across the company.

The Board of Directors has oversight responsibility for risk management. One of the Board's responsibilities is overseeing and interacting with the Nilfisk Leadership Team with respect to key aspects of Nilfisk's business, including risk assessment and mitigation of key risks. Evaluation of key risks is carried out by the Board and risks are monitored on an ongoing basis.

The Nilfisk Leadership Team is responsible for the identification, assessment, prioritization, and mitigation of strategic, financial, operating, CSR, compliance, safety, and reputational risks as well as risks related to other areas. Risks are assessed according to a two-dimensional heat map rating system estimating the likelihood and business impact.

Risk areas
The following five risk areas are identified as high impact risks that could have a material, adverse effect on our business, financial condition and/or operating results (please refer to the overview on the following page): Commoditization & competition, Economic & political instability, Cost inflation, production & supply chain risk, Cyber & IT security, and Failure to innovate.

Commoditization and competition

Economic and political instability

Cost inflation, production, and supply chain risk

Cyber and IT security

Failure to innovate

Nilfisk's high-impact risk areas

Description of the five risk areas identified as high-impact risks and related risk mitigation. For further information of risks related to currency, interest rate, credit, and liquidity, please refer to Note 6.3.

Risks	Risk description	Risk mitigation
Commoditization and competition	Customer demand is changing towards low-price "good-enough" products. At the same time, competition is intense, and low-cost competition might reach a level at which customers would be resistant to paying a premium for higher-quality products. The Nilfisk Group's competitors include various large global and regional enterprises as well as smaller regional or local companies. Our operational results and financial position may be negatively impacted if Nilfisk products do not satisfy customer demand. If we fail to adapt to changes in customer behavior and development of our products and services, our ability to execute on our Business Plan 2026 will be impaired and the long-term financial results of the Group will be impacted.	We monitor customer behavior via segment trends and purchasing loyalty. Nilfisk responds to changes in customer behavior with a strategy focused on lifecycle services, customer-centric innovation, and our sustainability commitment. With our value proposition and strategic priority to lead with sustainable products, we add value beyond the machine and deliver cleaning solutions that blend into operations while integrating digital services, collectively increasing the value of clean. We leverage strengths from our quality-focused brand, and our wide product portfolio range with our broad customer access. We scale benefits due to our size and geographical coverage.
Economic and political instability	Adverse and unstable economic conditions including risks of global geopolitical conflicts may negatively impact our financial position by increasing cost and decreasing demand for Nilfisk products affecting sales negatively. Meanwhile, major social and political instability and changes may disrupt both the cleaning industry and our business.	We closely monitor activity in our markets and the global economic situation to be able to respond in a timely manner to any adverse developments. We also mitigate possible negative macroeconomic changes by hedging and maintaining variability in our cost base as well as establishing a certain degree of flexible "plant-in-plant" production footprint.
Cost inflation, production, and supply chain risk	Throughout the entire supply chain the risk of failures or delays may arise. The risk includes sourcing of components, manufacturing, and distribution of products. In daily operations, we are dependent on information technology systems, production companies, and distribution centers. If the functionality is interrupted in any of these for a substantial period, our business continuity planning might be insufficient to continue daily operations. In addition, our global operations are subject to various local legislation, creating a legal risk of not being compliant with such laws and regulations. Increasing commodity prices negatively affect the prices of raw materials, salary, and other inputs, thereby affecting the competitiveness of the business and the delivery of results.	We have an ongoing focus on optimizing our production and distribution footprint covering several production facilities and distribution centers. Initiatives include dual sourcing, optimization of supply chain processes, and modularization strategy, with the aim of increasing scale advantages and reducing production complexity. We continuously monitor functionality of utilities and compliance with applicable regulations. Global purchasing programs include fixed-price contracts, purchase orders, and pricing agreements. We pass on the risk of inflation through price increases to customers. We continuously monitor developments and react promptly as deemed necessary and we evaluate opportunities to hedge raw materials which contain commodity components.
Cyber and IT security	Nilfisk's information technology systems are subject to damage or interruption from power outages, computer and telecommunications failures, malware, catastrophic events, and user errors. Errors made due to lack of user awareness or deliberate misuse, such as individual attempts to gain access to systems, are among the risks Nilfisk faces. Inadequate management of changes to systems or inadequate service together with ineffective measures to deter, prevent, detect and react to such attempts might expose Nilfisk to risks. Further, Nilfisk is faced with the threat of security breaches (viruses, ransomware, etc.) such as attempts of hacking our information technology systems.	We have implemented procedures and management processes to ensure the necessary availability of critical IT systems and services. Furthermore, we have developed and actioned an IT security policy to prevent intentional damage to our systems and limit access to critical data and systems. Finally, initiatives have been planned and implemented to secure the digital business, strengthen the infrastructure platform, enhance IT services, and ensure recovery business continuity plans.
Failure to innovate	Technological developments and improvements are key to remaining competitive in the markets. If one or more of the Nilfisk competitors are able to develop and gain exclusive access to groundbreaking technologies, this could make it difficult or increasingly costly for the Nilfisk Group to compete effectively on the markets.	As a part of Business Plan 2026, we established a strong value proposition linked to strategic priorities and optimization opportunities, among other things focused on customer-centric innovation and leading with sustainable products, optimizing customer value while also ensuring technology enabled value creation. We consistently monitor customer trends against preferred technologies and cooperate with leading technology partners and universities.

Shareholder information

Nilfisk is listed on Nasdaq Nordic and is included in the Copenhagen Mid Cap index.

Share capital	27,126,369 shares
Nominal value per share	20 DKK
Closing price at December 30, 2022	146.60 DKK
Closing price at December 29, 2023	118.20 DKK
Change during the financial year	-19.4%

Ownership structure
The company has approximately 11,500 registered shareholders, who together hold 96.7% of the total share capital. The company has one share class and the number of shares and voting rights are equal.

The breakdown of shareholders is set out in the table below:

Shareholders at December 31, 2023	Number of shares	Share capital
KIRKBI Invest A/S, Billund, Denmark	5,493,200	20.3%
Ferd AS, Oslo, Norway	5,409,277	19.9%
PrimeStone Capital LLP, London, United Kingdom	4,618,112	17.0%
Institutional investors, Denmark	3,739,262	13.8%
Institutional investors, International	4,140,977	15.3%
Private investors	2,827,658	10.4%
Non-registered	897,883	3.3%

Dividend policy and dividend for 2023
The Board of Directors have adopted a dividend policy with a target pay-out ratio of approximately one third of the reported, consolidated profit for the year. The payment of dividends, if any, will in general be determined with a view to balancing the payout ratio mentioned above and the target for the Group's leverage ratio. It will further depend on a number of factors, including future revenue, profits, financial conditions, general economic and business conditions, future prospects, strategic initiatives such as acquisition activities or large-scale investments decided upon by the Board of Directors, or other factors the Board of Directors may deem relevant, as well as applicable legal and regulatory requirements.

At the Annual General Meeting to be held on March 21, 2024, the Board of Directors will propose not to distribute dividends for the financial year of 2023.

Investor relations website
Information about the Nilfisk Group and its shares, share price, financial data, in addition to company announcements, annual and interim reports, investor presentations, corporate calendar etc. are provided via https://investor.nilfisk.com.

Investor relations
Nilfisk works to maintain a high and consistent level of information for investors, and we aim to be proactive and open when communicating with shareholder-related stakeholders within the boundaries of current regulation. We place great emphasis on providing consistent and high-quality information to the financial markets as well as to new investors, analysts, and other stakeholders through road shows, conferences, company announcements, and via our investor relations website. For further details on our investor relations policy, please visit https://investor.nilfisk.com.

At year-end 2023, Nilfisk Holding A/S is covered by four equity analysts. For a full list of analysts, please visit https://investor.nilfisk.com.

Corporate calendar 2024

February 15	Annual Report 2023
March 21	Annual General Meeting
May 16	Q1 Interim Report 2024
August 15	Q2 Interim Report 2024
November 15	Q3 Interim Report 2024

Financial statements

Consolidated financial statements 2023

Key accounting judgments

Key accounting judgments made by the Executive Management Board are included in the notes to which they relate in order to increase clarity.

Key accounting estimates

Key accounting estimates made by the Executive Management Board are included in the notes to which they relate in order to increase clarity.

Sensitivity

Sensitivity analysis often accompanies key accounting estimates and is included in the notes to which it relates in order to increase clarity.

Accounting policy

Accounting policies are included in the notes to which they relate in order to facilitate understanding of the contents and the accounting treatment applied. Accounting policies not relating directly to individual notes are stated in Note 1.1.

Income statement

for the years ended December 31

EUR million	Note	2023	2022
Revenue	2.1, 2.2	1,033.6	1,069.5
Cost of sales	2.5, 3	-611.1	-647.5
Gross profit		**422.5**	**422.0**
Research and development costs	2.3, 2.5, 3	-27.5	-31.2
Sales and distribution costs	2.5, 3	-251.7	-243.5
Administrative costs	2.5, 3	-74.6	-70.1
Other operating income		4.7	4.5
Other operating expenses		-2.3	-2.2
Operating profit before special items		**71.1**	**79.5**
Special items, net	2.4, 2.5	-9.9	-9.9
Operating profit		**61.2**	**69.6**
Share of profit from associates	6.2	0.8	2.0
Financial income	2.6	10.4	0.5
Financial expenses	2.6	-25.1	-17.5
Profit before income taxes		**47.3**	**54.6**
Tax on profit for the year	2.7	-12.0	-14.0
Profit for the year		**35.3**	**40.6**
To be distributed as follows:			
Profit attributable to shareholders of Nilfisk Holding A/S		35.3	40.6
Total		**35.3**	**40.6**
Earnings per share (based on 27,126,369 shares issued)			
Basic earnings per share (EUR)	6.4	1.30	1.50
Diluted earnings per share (EUR)		1.30	1.50

Statement of comprehensive income

for the years ended December 31

EUR million	Note	2023	2022
Profit for the year		35.3	40.6
Other comprehensive income			
Items that may be reclassified to the income statement:			
Exchange rate adjustments of subsidiaries		-9.0	6.2
Value adjustment of hedging instruments:			
Value adjustment for the year	6.3	-3.0	12.3
Transferred to cost of sales	6.3	-0.7	-5.0
Transferred to financial income and expenses	6.3	-9.6	-
Tax on value adjustment of hedging instruments	2.7	3.1	-1.5
Items that may not be reclassified to the income statement:			
Transferred to inventory	6.3	-0.6	-0.5
Actuarial gains on defined benefit plans	4.6	-	0.8
Tax on actuarial gains on defined benefit plans	2.7	-	-0.1
Total comprehensive income for the year		**15.5**	**52.8**
To be distributed as follows:			
Comprehensive income attributable to shareholders of Nilfisk Holding A/S		15.5	52.8
Total		**15.5**	**52.8**

Statement of financial position

as of December 31

EUR million	Note	2023	2022
Assets			
Goodwill		168.7	170.4
Trademarks		4.7	6.1
Customer related assets		2.5	3.8
Development projects completed		32.1	24.9
Software, know-how, patents, and competition clauses		15.5	18.6
Development projects and software in progress		19.9	20.5
Total intangible assets	4.2, 4.3	**243.4**	**244.3**
Land and buildings		6.3	6.9
Plant and machinery		4.6	4.9
Tools and equipment		29.9	29.3
Assets under construction incl. prepayments		5.4	4.3
Right-of-use assets	4.5	66.6	57.4
Total property, plant, and equipment	4.2, 4.4	**112.8**	**102.8**
Investments in associates	6.2	34.9	33.2
Interest-bearing receivables	6.1	1.3	2.0
Other investments and receivables		2.8	12.0
Deferred tax	2.7	23.4	20.6
Total other non-current assets		**62.4**	**67.8**
Total non-current assets	4.1	**418.6**	**414.9**
Inventories	5.1, 5.2	200.5	220.2
Trade receivables	5.1, 5.3, 6.3	138.7	166.7
Interest-bearing receivables	6.1, 6.3	0.5	0.4
Income tax receivables	5.1	3.5	3.8
Other receivables	5.1, 6.3	28.9	34.7
Cash and cash equivalents		23.3	22.7
Total current assets		**395.4**	**448.5**
Total assets		**814.0**	**863.4**

EUR million	Note	2023	2022
Equity and liabilities			
Share capital	6.4	72.9	72.9
Reserves		-5.0	14.8
Retained earnings		207.1	173.0
Total equity		**275.0**	**260.7**
Deferred tax	2.7, 4.1	6.9	7.3
Pension liabilities	4.1, 4.6	3.8	4.4
Provisions	4.1, 4.7	4.9	5.8
Interest-bearing loans and borrowings	6.1, 6.3	205.9	288.2
Lease liabilities	6.1, 6.3	44.7	36.9
Other liabilities	6.3	3.5	3.1
Total non-current liabilities		**269.7**	**345.7**
Interest-bearing loans and borrowings	6.1, 6.3	2.1	1.7
Lease liabilities	6.1, 6.3	24.6	23.0
Trade payables	5.1, 6.3	123.5	113.2
Income tax payables	5.1	7.8	10.8
Other liabilities	5.1, 6.3	97.2	96.2
Provisions	4.1, 4.7	14.1	12.1
Total current liabilities		**269.3**	**257.0**
Total liabilities		**539.0**	**602.7**
Total equity and liabilities		**814.0**	**863.4**

Cash flow statement

for the years ended December 31

EUR million	Note	2023	2022
Operating profit		61.2	69.6
Depreciation, amortization, and impairment	2.5	61.9	63.7
Other non-cash adjustments	7.1	-1.0	-0.5
Changes in working capital	5.1	46.8	-29.2
Cash flow from operations before financial items and income taxes		168.9	103.6
Financial income received		11.8	6.4
Financial expenses paid		-22.6	-13.1
Income tax paid		-15.1	-14.9
Cash flow from operating activities		**143.0**	**82.0**
Purchase of property, plant, and equipment	4.4	-8.6	-10.5
Sale/disposal of property, plant, and equipment		2.8	0.5
Purchase of intangible assets	4.3	-22.4	-15.9
Purchase of financial assets		-1.7	-3.5
Disposal of financial assets		0.6	0.6
Dividends received from associates	6.2	1.5	1.3
Cash flow from investing activities		**-27.8**	**-27.5**
Free cash flow		**115.2**	**54.5**
Changes in current interest-bearing receivables		-	0.1
Changes in current interest-bearing loans and borrowings		1.7	-5.2
Changes in non-current interest-bearing loans and borrowings		-85.1	-16.1
Payment of lease liabilities		-26.4	-25.2
Cash flow from financing activities	6.1	**-109.8**	**-46.4**
Net cash flow for the year		**5.4**	**8.1**
Cash and cash equivalents, January 1		22.7	15.0
Exchange rate adjustments		-4.8	-0.4
Net cash flow for the year		5.4	8.1
Cash and cash equivalents, December 31		**23.3**	**22.7**

Statement of changes in equity

for the years ended December 31

EUR million	2023 Share capital	2023 Foreign exchange reserve	2023 Hedging reserve	2023 Retained earnings	2023 Total equity	2022 Share capital	2022 Foreign exchange reserve	2022 Hedging reserve	2022 Retained earnings	2022 Total equity
Equity, January 1	**72.9**	**5.5**	**9.3**	**173.0**	**260.7**	**72.9**	**-0.7**	**4.0**	**131.5**	**207.7**
Other comprehensive income										
Exchange rate adjustments	-	-9.0	-	-	-9.0	-	6.2	-	-	6.2
Value adjustment of hedging instruments:										
Value adjustment for the year	-	-	-3.0	-	-3.0	-	-	12.3	-	12.3
Transferred to cost of sales	-	-	-0.7	-	-0.7	-	-	-5.0	-	-5.0
Transferred to financial income and expenses	-	-	-9.6	-	-9.6	-	-	-	-	-
Transferred to inventory	-	-	-0.6	-	-0.6	-	-	-0.5	-	-0.5
Actuarial gains on defined benefit plans	-	-	-	-	-	-	-	-	0.8	0.8
Tax on actuarial gains on defined benefit plans	-	-	-	-	-	-	-	-	-0.1	-0.1
Tax on value adjustment of hedging instruments	-	-	3.1	-	3.1	-	-	-1.5	-	-1.5
Total other comprehensive income	**-**	**-9.0**	**-10.8**	**-**	**-19.8**	**-**	**6.2**	**5.3**	**0.7**	**12.2**
Profit for the year	-	-	-	35.3	35.3	-	-	-	40.6	40.6
Comprehensive income for the year	**-**	**-9.0**	**-10.8**	**35.3**	**15.5**	**-**	**6.2**	**5.3**	**41.3**	**52.8**
Share option program	-	-	-	-1.2	-1.2	-	-	-	0.2	0.2
Total changes in equity	**-**	**-9.0**	**-10.8**	**34.1**	**14.3**	**-**	**6.2**	**5.3**	**41.5**	**53.0**
Equity, December 31	**72.9**	**-3.5**	**-1.5**	**207.1**	**275.0**	**72.9**	**5.5**	**9.3**	**173.0**	**260.7**

Section 1 Basis for reporting

This section describes the applied reporting framework, including a definition of materiality for disclosures as well as any changes in the accounting policies for the consolidated financial statements.

1.1 Basis for preparation

Nilfisk Holding A/S is a public limited company domiciled in Denmark.

The consolidated financial statements included in this Annual Report for the year 2023 are prepared in accordance with IFRS Accounting Standards, as adopted by the EU and additional requirements under the Danish Financial Statements Act. The parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Basis for preparation

The consolidated financial statements included in this Annual Report are presented in EUR million rounded with one decimal.

The consolidated financial statements included in this Annual Report are prepared according to the historical cost principle. The only exceptions are derivatives and financial instruments in a trading portfolio, which are measured at fair value.

The accounting policies described in the individual notes are applied consistently during the financial year and for the comparative figures.

Changes in presentation

New reportable segments

As part of the execution of Business Plan 2026, Nilfisk has changed its business structure and how Management follows up on business performance as of January 1, 2023.

IFRS 8 requires that the reportable segments are based on the internal business structure and management reporting. As a consequence, the reportable segments have been changed and comparative figures have been restated accordingly.

Please see note 2.1 Segment Information for descriptions of the new segments.

New regional structure

As a consequence of the change in internal reporting, the revenue split in Note 2.2 is now based on the geographical regions in which the sales companies are located, meaning 'sold-from country', as to prior 'sold-to country'.

Furthermore, the geographical regions have also changed. MEA region is now included in EMEA when it was previously reported as part of APAC & MEA. Europe has consequently changed name to EMEA.

Note 2.2 has been changed accordingly.

Applying materiality

The provisions in IFRS contain extensive disclosure requirements. The specific disclosures required according to IFRS are stated in the consolidated financial statements included in this Annual Report unless the disclosures concerned are considered irrelevant or immaterial for financial decisions made by the financial statement users.

The Group has operations in Argentina and Türkiye and is therefore subject to Hyperinflation accounting (IAS 29). Based on an assessment of materiality, IAS 29 has not been applied as it is immaterial to the Nilfisk Group.

Going concern

The Executive Management Board is required to decide whether the consolidated financial statements can be presented on a 'going concern' basis. Based on estimated future prospects, expectations of future cash flows, existence of credit facilities, etc., the Executive Management Board is of the opinion that there are no factors giving reason to doubt whether Nilfisk Holding A/S can continue operating for at least 12 months from the balance sheet date.

Principles of consolidation

The consolidated financial statements incorporate the financial statements of Nilfisk Holding A/S and entities controlled by Nilfisk Holding A/S. Control exists when Nilfisk Holding A/S has effective power over the entity and has the right to variable returns from the entity.

Where necessary, adjustments have been made to the financial statements of subsidiaries to bring their accounting policies in line with Nilfisk Group policies. All intragroup transactions, balances, income, and expenses are eliminated in full when consolidated.

Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements of each of Nilfisk Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Euro (EUR). The functional currency of Nilfisk Holding A/S is DKK. The presentation currency is EUR as the Nilfisk Group's main business activities are EUR denominated and the internal reporting is presented in EUR.

1. Basis for reporting
2. Profit for the year
3. Remuneration
4. Capital employed
5. Working capital
6. Capital structure
7. Cash flow
8. Other notes

1.1 Basis for preparation – continued

Translation of transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Translation of Nilfisk Group companies
Financial statements of foreign subsidiaries are translated into EUR at the exchange rates prevailing at the end of the reporting period for items in the statement of financial position, and at average exchange rates for income statement items.

All effects of exchange rate translations are recognized in the income statement, with the exception of exchange rate adjustments of investments in subsidiaries arising from:

- the translation of foreign subsidiaries' net assets at the beginning of the year to the exchange rates at the end of the reporting period
- the translation of foreign subsidiaries' statements of comprehensive income from average exchange rates to the exchange rates at the end of the reporting period
- the translation of non-current intragroup receivables that are considered to be an addition to net investments in subsidiaries

These specific exchange rate adjustments are recognized in other comprehensive income.

ESEF regulation
The Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) requires the use of a specific digital reporting format for annual reports of listed companies in the EU. More precisely, the ESEF regulation requires the annual report to be prepared in XHTML format with iXBRL tagging of the consolidated financial statements in the form of income statement, statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity, and notes.

The iXBRL tagging of Nilfisk Holding A/S has been made using the ESEF taxonomy disclosed in the annexes to the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation. The 2022 version of the ESEF taxonomy has been used for the annual report for 2023.

The line items in the consolidated financial statements are XBRL-tagged to the elements of the ESEF taxonomy that are considered to match the content of those line items. For line items not considered to be covered by line items defined in the taxonomy, company-specific extensions to the taxonomy have been incorporated. Except for subtotals, these extensions are anchored to standard elements of the ESEF taxonomy.

Consistent with the requirements of the ESEF Regulation, the annual report approved by Management is comprised of a ZIP file identified as "529900FSU45YYVLKB451-2023-12-31-en.zip", which includes an XHTML file that may be opened using standard web browsers, and a series of technical XBRL files enabling mechanical retrieval of the XBRL data incorporated.

1.2 Key accounting estimates and judgments

When preparing the consolidated financial statements, the use of reasonable estimates and judgments is an essential part. Given the uncertainties inherent in our business activities, the Executive Management Board makes a number of accounting estimates and judgments. The estimates and judgments are based on assumptions which form the basis for recognition and measurement of our assets, liabilities, cash flows, and related disclosures. Estimates and judgments are regularly reassessed.

Key accounting estimates are expectations of the future based on assumptions that to the extent possible are supported by historical experience, customer demands, competitor actions and other reasonable expectations. Estimates, by their nature, are associated with uncertainty and unpredictability. The actual amounts may differ from the amounts estimated as more detailed information becomes available. The Executive Management Board believe that the estimates are reasonable, appropriate and the most likely outcome of future events under the given circumstances.

Key accounting judgments are made when applying accounting policies. Key accounting judgments are judgments made that can have a significant impact on recognition, classification, and disclosures of amounts in the financial statements.

Please refer to the specific notes for further information on the key accounting estimates and judgments as well as assumptions applied.

Particular risks referred to in the 'Risk management' section of the Management Review and in Note 6.3 may have substantial influence on the financial statements.

1.3 Implementation of new or changed accounting standards and interpretations

Amendments to accounting standards that are mandatorily effective for the current reporting period
IASB has issued amended standards which apply for the first time in 2023. None of these amended standards and interpretations have had any significant impact on the Group's financial statements.

New and amended IFRS standards and interpretations not yet effective by the EU
IASB has issued new or amended accounting standards and interpretations that have not yet become effective and have consequently not been implemented in the consolidated financial statements for 2023. Nilfisk expects to adopt the accounting standards and interpretations as they become mandatory.

The new or amended standards or interpretations are not expected to have a significant impact on our consolidated financial statements.

Key accounting estimates and judgments

Note		Key accounting estimates and judgments	Estimate/ judgment	Impact of accounting estimates and judgments
2.4	Special items	Determine the classification of special items	Judgment	Medium
2.7	Tax	Estimate the value of the deferred tax assets and recognition of income taxes	Estimate	High
4.2	Impairment test	Estimate of the value-in-use for intangible assets based on assumptions used when impairment testing	Estimate	High
4.5	Right-of-use assets	Estimate of the lease period and discount rate when the underlying contract can be prolonged or terminated early	Estimate	Low
4.6	Pension liabilities	Estimate the value of defined benefit plans based on actuarial assumptions	Estimate	Low
4.7	Provisions	Estimate the value of provisions	Estimate	Low
5.2	Inventories	Determine the allocation of production overhead costs	Judgment	Low
	Inventories	Estimate the value of expected write-down	Estimate	Low
5.3	Trade receivables	Estimate the value of expected credit losses	Estimate	Low

Section 2 Profit for the year

This section relates to profit for the year, including revenue, segment information, research and development costs, special items, amortization, depreciation, and impairment, financial items, and income tax.

As part of the execution of Business Plan 2026, Nilfisk changed its reportable segments in 2023. The new business segments are: Professional, Service, Specialty and Consumer.

Key developments in 2023

Revenue

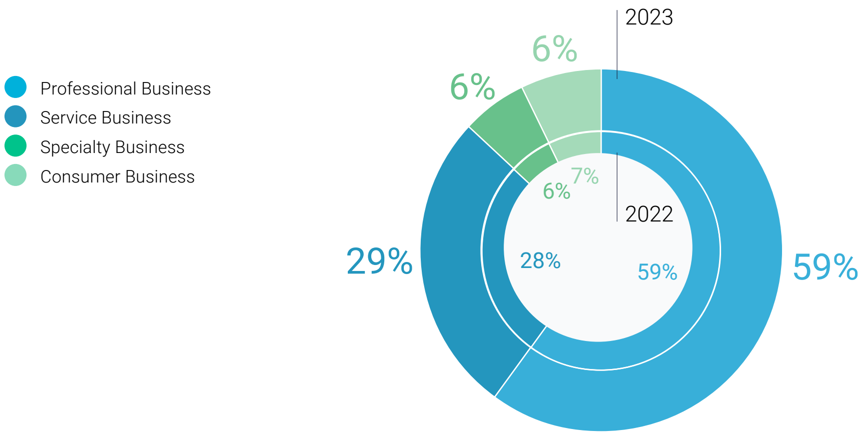
Revenue decreased from 1,069.5 mEUR to 1,033.6 mEUR in 2023, a 3.4% decrease compared to 2022. The Service Business delivered positive organic growth, while there was negative organic growth in the Professional, Specialty, and Consumer Business.

In the regions, EMEA saw negative organic growth, while APAC and Americas delivered positive organic growth driven by strong demand in Australia, China, and LATAM.

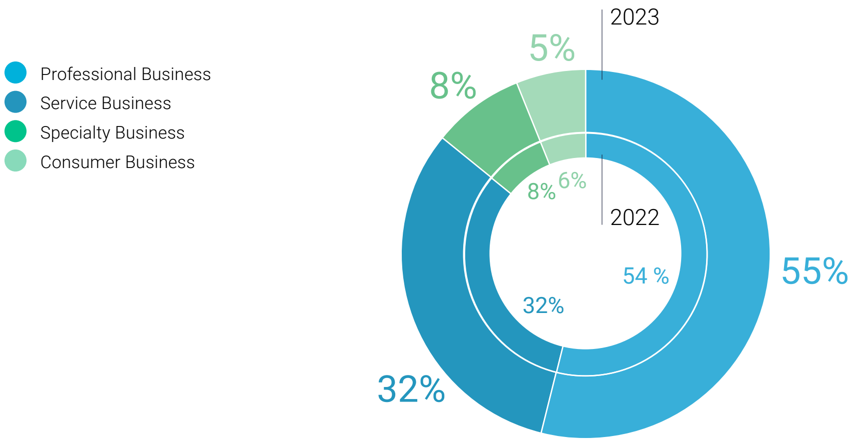
Gross profit

Gross profit was 422.5 mEUR, up by 0.5 mEUR compared to last year. Gross margin was 40.9%, up by 1.4 percentage point compared to last year. The increase was to a large extent driven by strong price management to actively mitigate cost inflation on raw materials and labor rate increases, alongside the lower volumes. A favorable product mix and lower freight costs also benefited the margin.

Revenue by business segment



Gross profit by business segment



2. Profit for the year – continued

Accounting policy

Segment information
The segment information is based on internal management reporting and is presented in accordance with the Nilfisk Group's accounting policies.

Segment income and expenses include those items that are directly attributable to the individual segment and those items that can be reliably allocated to it.

Reportable segments
The reportable segments are generally referred to as business segments. The business segments consist of Professional, Service, Specialty, and Consumer.

The Executive Management Board assesses revenue, gross profit, and EBITDA before special items of the business segments separately to enable decisions concerning allocation of resources and measurement of performance.

Revenue in the reportable segments
The business segments are identified without aggregation of reportable segments.

Cost of sales in the reportable segments
Cost of sales consists of costs incurred in generating the revenue for the year. The cost of raw materials, consumables, inbound freight, production staff, and a proportion of production overheads, including maintenance, amortization, depreciation, and impairment of intangible and tangible assets used in production as well as operation, administration, and management of the production facilities are recognized as cost of sales.

Cost of sales also includes shrinkage, waste production, and any write-downs on inventory for obsolescence.

Assets in the reportable segments
Because the production units deliver products to several business segments and because the business segments in some cases use the same assets, it is not possible to attribute assets reliably to the individual segments.

Sales and distribution costs
Sales and distribution costs include costs incurred for distribution of goods and services sold and costs for sales and distribution personnel, advertising costs, and amortization, depreciation, and impairment of intangible and tangible assets used in the sales and distribution process.

Administrative costs
Administrative costs include costs of staff functions, administrative personnel, office costs, rent, lease payments, amortization, depreciation, and impairment of intangible and tangible assets not relating specifically to cost of sales, research and development, and sales and distribution activities.

2.1 Segment information

As described in Note 1.1, the reportable segments have changed with effect from January 1, 2023.

The prior segment reporting covered three segments: Branded Professional, Consumer, and Private Label and other. The new reporting covers four business segments and HQ. The new business segments are: Professional, Service, Specialty, and Consumer.

Professional Business covers all revenue from sales of professional machines including Private Label.

Service Business has been carved out from the previous segments and contains service offerings, including service packages and parts, accessories, and consumables (PAC) for the Professional Business and IVS.

Specialty Business, comprising IVS and Nilfisk Food, has been carved out from Branded Professional. Service and PAC are included for Nilfisk Food.

The Consumer Business is unchanged and covers consumer machines, service, and PAC related to consumer products.

Headquarter (HQ) consists of overhead costs which relate to HQ activities.

Comparative figures have been restated accordingly.

No single customer accounts for more than 10% of revenue.

EUR million	Professional Business	Service Business	Specialty Business	Consumer Business	HQ	Group
2023						
Revenue	603.6	302.4	62.6	65.0	-	1,033.6
Gross profit	232.0	134.4	33.2	22.9	-	422.5
EBITDA before special items	69.1	72.9	20.2	4.5	-34.3	132.4
Reconciliation to profit before income taxes:						
Special items						-9.9
Amortization, depreciation, and impairment						-61.3
Share of profit from associates						0.8
Financial income						10.4
Financial expenses						-25.1
Profit before income taxes						**47.3**
Organic growth	-1.8%	5.5%	-2.6%	-8.9%	-	-0.3%
Gross margin	38.4%	44.4%	53.0%	35.2%	-	40.9%
EBITDA margin before special items	11.4%	24.1%	32.3%	6.9%	-	12.8%
2022						
Revenue	636.7	294.4	65.7	72.7	-	1,069.5
Gross profit	229.3	133.4	34.8	24.5	-	422.0
EBITDA before special items	63.3	78.4	21.3	4.3	-26.5	140.8
Reconciliation to profit before income taxes:						
Special items						-9.9
Amortization, depreciation, and impairment						-61.3
Share of profit from associates						2.0
Financial income						0.5
Financial expenses						-17.5
Profit before income taxes						**54.6**
Organic growth	6.6%	6.5%	9.3%	-15.2%	-	4.9%
Gross margin	36.0%	45.3%	53.0%	33.7%	-	39.5%
EBITDA margin before special items	9.9%	26.6%	32.4%	5.9%	-	13.2%

2.2 Revenue

Geographical information
Nilfisk has sales companies represented in approximately 40 countries and reaches more than 100 countries through direct sales and dealers.

As described in note 1.1 the geographical revenue split has been changed to the geographical regions in which the sales companies are located, meaning 'sold-from' country, as to prior 'sold-to country'. Non-current assets are allocated based on the location of the assets. The corporate headquarters located in Denmark is included in the EMEA region.

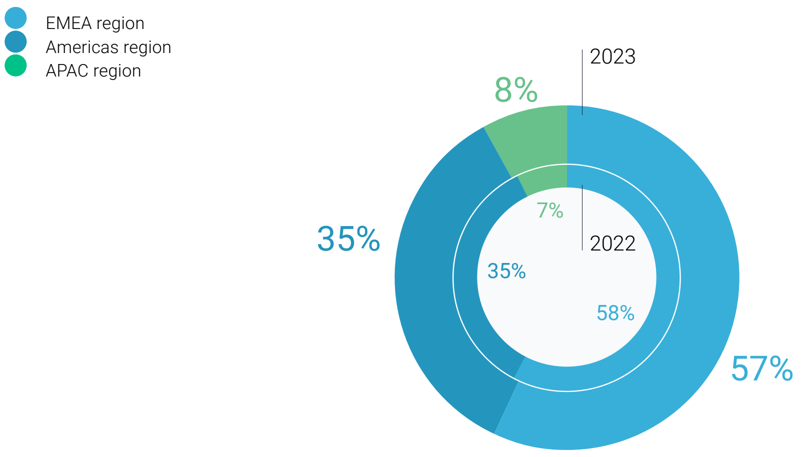
Revenue by country
The table below shows a split of revenue based on the top 10 countries in which the sales companies are located.

EUR million	2023		2022	
USA	305.8	30%	313.2	29%
Germany	141.7	14%	153.6	14%
France	103.9	10%	112.0	10%
Denmark	66.7	6%	67.3	6%
United Kingdom	36.8	4%	37.4	3%
Canada	29.8	3%	34.4	3%
Italy	25.6	2%	27.2	3%
Netherlands	24.2	2%	25.2	2%
Spain	20.9	2%	22.6	2%
Sweden	20.7	2%	24.6	2%
Other	257.5	25%	252.0	26%
Total	**1,033.6**	**100%**	**1,069.5**	**100%**

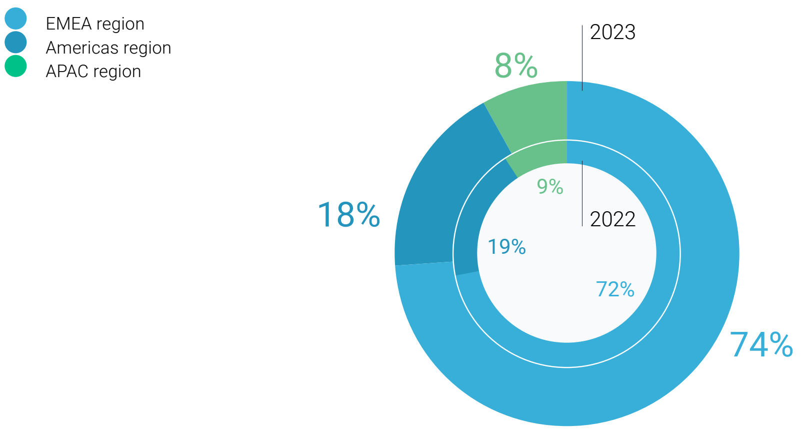
	Revenue		Organic growth	Non-current assets*	
EUR million	**2023**	**2022**	**2023**	**2023**	**2022**
EMEA region	585.6	616.1	-2.5%	290.6	282.6
Americas region	365.9	373.2	1.4%	70.3	76.0
APAC region	82.1	80.2	8.3%	34.3	35.7
Total	**1,033.6**	**1,069.5**	**-0.3%**	**395.2**	**394.3**

** Non-current assets less deferred tax assets*

Revenue by regions



Non-current assets by region



2.2 Revenue – continued

Contract assets and liabilities
Generally, trade receivables are recognized at the same point in time as revenue recognition and invoicing. Payment terms vary within the different customer segments due to local and specific agreements but are generally due within 30 to 90 days. In some cases the Group receives upfront payments which result in contract liabilities. Nilfisk does not have contract assets.

The Group splits contract liabilities into either deferred revenue or prepayments from customers depending on the nature of the payment and activity. Prepayments from customers are primarily upfront payments for machines and services that have not yet been delivered. Deferred revenue covers unsatisfied performance obligations that have not yet been recognized as revenue. These are mostly services but can also be goods which have not yet been delivered or orders not yet fulfilled.

EUR million	December 31, 2023	December 31, 2022	December 31, 2021
Prepayments from customers	1.0	1.3	1.6
Deferred revenue (non-current)	2.7	2.8	2.0
Deferred revenue (current)	7.8	8.2	7.6
Total contract liabilities	**11.5**	**12.3**	**11.2**

Set out below is the amount of revenue recognized from:

EUR million	2023	2022
Amounts included in contract liabilities at the beginning of the year	9.5	9.2

§ Accounting policy

Revenue from sale of goods for resale, finished goods, and service is recognized in the income statement when transfer of control of products or services to a customer has taken place. Sales are recognized when control of the goods has transferred, meaning when the goods are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Revenue from the Service Business includes field service packages relating to products and contracts as well as sale of parts, accessories, and consumables are recognized concurrently with the supply of those services. Depending on the type of contract, service revenue is recognized over time or at a point in time.

Some contracts include multiple deliverables, such as the sale of machines and related installation services. However, the installation is simple and does not include an integration service and could be performed by another party. Installation is not accounted for as a separate performance obligation.

Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Revenue is measured at the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognized in the revenue.

2.3 Research and development costs

Research and development costs specification

EUR million	2023	2022
Staff costs	18.8	19.9
Other costs	14.3	10.9
Total research and development spend	**33.1**	**30.8**
Recognized as follows:		
Expensed in the income statement	16.2	18.4
Capitalized	16.9	12.4
Total	**33.1**	**30.8**
R&D ratio (% of revenue)	3.2%	2.9%
Presented in the income statement:		
Expensed in the income statement, cf. above	16.2	18.4
Amortization, depreciation, and impairment	11.3	12.8
Research and development costs excluding special items	**27.5**	**31.2**
Special items	1.2	0.2
Total research and development costs	**28.7**	**31.4**

The research and development spend increased by 2.3 mEUR compared to the same period last year and total research and development spend as a percentage of revenue increased by 0.3 percentage point.

2.4 Special items

EUR million	2023	2022
Business restructuring	10.1	5.9
Divestment	-0.2	4.0
Total	**9.9**	**9.9**

Special items are disclosed separately in the income statement and have been reconciled to the income statement line items as specified in the table to the right.

Special items recognized in 2023 were mainly redundancy and advisory costs incurred in connection with the continued execution of Business Plan 2026 alongside the implementation of structural efficiency measures initiated at the end of the first half of 2023.

In 2023 the liquidation of Nilfisk Russia was finalized and the dissolution completed. This resulted in a divestment income of 0.2 mEUR.

Special items recognized in 2022 were mainly legal, advisory, and redundancy costs incurred in regards to strategic projects related to Business Plan 2026. Divestment costs in 2022 were related to the liquidation of Nilfisk Russia.

EUR million	2023	Special items	2023 adjusted	2022	Special items	2022 adjusted
Revenue	1,033.6	-	1,033.6	1,069.5	1.5	1,071.0
Cost of sales	-611.1	0.2	-610.9	-647.5	-1.9	-649.4
Gross profit	**422.5**	**0.2**	**422.7**	**422.0**	**-0.4**	**421.6**
Research and development costs	-27.5	-1.2	-28.7	-31.2	-0.2	-31.4
Sales and distribution costs	-251.7	-4.7	-256.4	-243.5	-1.0	-244.5
Administrative costs	-74.6	-4.5	-79.1	-70.1	-8.1	-78.2
Other operating income/expenses, net	2.4	0.3	2.7	2.3	-0.4	1.9
Special items, net	-9.9	9.9	-	-9.9	9.9	-
Operating profit	**61.2**	**-**	**61.2**	**69.6**	**-0.2**	**69.4**
Share of profit from associates	0.8	-	0.8	2.0	-	2.0
Financial income/expenses, net	-14.7	-	-14.7	-17.0	0.1	-16.9
Profit before income taxes	**47.3**	**-**	**47.3**	**54.6**	**-0.1**	**54.5**
Tax on profit for the period	-12.0	-	-12.0	-14.0	0.1	-13.9
Profit for the period	**35.3**	**-**	**35.3**	**40.6**	**-**	**40.6**

Key accounting judgments

Identification and classification of income and expenses as special items is based on management's judgment of the individual income and expenses as being non-recurring by nature.

Accounting policy

Special items consist of non-recurring income and expenses that the Nilfisk Group does not consider to be a part of its ordinary operations such as restructuring projects and gains and losses on divestments, including impairment write-downs which are not presented as discontinued operations.

2.5 Amortization, depreciation, and impairment

This note shows the split of amortization, depreciation, and impairment for the Nilfisk Group in the income statement.

	Intangible assets		Property, plant and equipment		Total	
EUR million	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Amortization and depreciation:						
Cost of sales	0.1	0.1	19.2	18.0	19.3	18.1
Research and development costs	10.8	10.3	0.5	0.6	11.3	10.9
Sales and distribution costs	2.5	3.1	10.8	10.1	13.3	13.2
Administrative costs	7.6	7.2	9.7	9.7	17.3	16.9
Special items	-	-	0.6	0.4	0.6	0.4
Total amortization and depreciation	**21.0**	**20.7**	**40.8**	**38.8**	**61.8**	**59.5**
Impairment:						
Cost of sales	-	-	-	0.3	-	0.3
Research and development costs	-	1.9	-	-	-	1.9
Sales and distribution costs	0.1	-	-	-	0.1	-
Special items	-	-	-	2.0	-	2.0
Total impairment	**0.1**	**1.9**	**-**	**2.3**	**0.1**	**4.2**
Total amortization, depreciation, and impairment	**21.1**	**22.6**	**40.8**	**41.1**	**61.9**	**63.7**

Amortization of acquisition-related intangibles was 2.7 mEUR in 2023 (2022 3.1 mEUR), hereof 0.1 mEUR included in cost of sales (2022: 0.1 mEUR) and 2.6 mEUR included in sales and distribution costs (2022: 3.0 mEUR).

2.6 Financial items

Specification of financial items

	Financial income		Financial expenses	
EUR million	**2023**	**2022**	**2023**	**2022**
Interest on financial assets (liabilities) measured at amortized costs	9.9	0.3	11.8	6.1
Foreign exchange losses	-	-	7.7	3.9
Interest, lease liabilities	-	-	2.7	1.9
Other financial items	0.5	0.2	2.9	5.6
Total	**10.4**	**0.5**	**25.1**	**17.5**

Financial items, net represented an expense of 14.7 mEUR in 2023 compared to an expense of 17.0 mEUR in 2022. Financial income increased by 9.9 mEUR, while financial expenses increased by 7.6 mEUR compared to 2022.

The increase in the interest income is primarily due to the realization of an interest cap of 9.6 mEUR.

The increase in financial expenses was primarily driven by an increase in foreign exchange losses mainly from South American currencies from a depreciating USD rate, as well as higher interest expenses.

§ Accounting policy

Financial income includes interest, dividends, gains on receivables and transactions denominated in foreign currencies, amortization of financial assets etc. Positive changes in the fair value of derivative financial instruments not designated as hedging arrangements are also included.

Financial expenses include interest, losses on and impairment of securities, payables and transactions denominated in foreign currencies, amortization of financial liabilities, including lease commitments etc. Negative changes in the fair value of derivative financial instruments not designated as hedging arrangements are also included.

2.7 Tax

Tax recognized in the income statement

EUR million	2023	2022
Tax for the year is specified as follows:		
Tax on profit for the year	12.0	14.0
Tax on other comprehensive income	-3.1	1.6
Total tax for the year	**8.9**	**15.6**
Tax on profit for the year is specified as follows:		
Current tax on profit for the year	17.2	23.4
Deferred tax current year	-1.4	-3.4
Prior year adjustment, current and deferred tax	-3.8	-6.0
Total tax on profit for the year	**12.0**	**14.0**
Tax on other comprehensive income is specified as follows:		
Tax on value adjustment of hedging instruments	-3.1	1.5
Tax on actuarial gains on defined benefit plans	-	0.1
Total tax on other comprehensive income	**-3.1**	**1.6**

Tax rate

EUR million	2023		2022	
Reconciliation of the effective tax rate for the year:				
Calculated tax on profit before income taxes	10.4	22.0%	12.0	22.0%
Adjustment of calculated tax in foreign subsidiaries relative to 22%	0.2	0.5%	-1.4	-2.6%
Tax effect of:				
Non-deductible expenses/non-taxable income	1.8	3.8%	2.4	4.4%
Uncertain tax position	0.2	0.4%	7.8	14.3%
Tax assets valuation allowances	0.2	0.4%	-5.9	-10.8%
Change in tax rate	-0.2	-0.4%	0.5	0.9%
Non-recoverable withholding taxes	-	0.0%	-0.1	-0.2%
Other taxes and adjustments	1.0	2.1%	0.5	0.9%
Prior year adjustment	-1.6	-3.4%	-1.8	-3.3%
Effective tax rate	**12.0**	**25.4%**	**14.0**	**25.6%**

The effective tax rate in 2023 of 25.4% was mainly impacted by a profitable year, in line with 2022 where the effective tax rate came to 25.6%. A stable income distribution gives an effective tax rate closer to the expected weighted corporate tax income rate.

The provision for uncertain tax positions for 2023 has increased slightly from 7.8 mEUR to 8.0 mEUR compared to 2022, to the extent risks covered under the provision are expected to materialize based on likelihood and impact. The uncertain tax positions include considerations around when Nilfisk has taken a position of uncertainty, created by complex legislation subject to interpretation, in the countries where the Group operates. In response to the tax risks connected to cross border activities Nilfisk has made tax-related provisions in accordance with IAS 12, IAS 37 and relevant interpretations, such as IFRIC 23.

Nilfisk is engaged in dialogue with tax authorities in cases of varying scope. Appropriate provisions and recognition of uncertain tax positions has been made where the aggregated probability of the tax position being upheld is considered less than 50%.

Pillar II

In December 2022 the EU directive 2022/2523 was adopted, on the basis of the OECD Pillar II initiative, with the aim of ensuring a global minimum level of taxation for multinational enterprises.

Denmark has during 2023 implemented the directive in national legislation, in "Lov om en ekstraskat for visse koncernenheder". The legislation is in force as of December 31, 2023, and applies to financial years beginning on or after January 1, 2024. The legislation will require multinational groups with a turnover of at least EUR 750 million to calculate whether there is a liability to pay additional taxes for any of the group's entities, and to submit information in a format designated for the new legislation.

Transitional safe harbours exist in the legislation, for financial years beginning no later than January 1, 2026, and apply on a jurisdictional basis. If a jurisdiction fulfills the provisions of a safe harbour its entities are exempt from being subject to calculations of additional tax liability under the legislation. Nilfisk jurisdictions which fulfill the provisions of a safe harbour are also exempted from reporting on entity level and will instead be included in the aggregated reporting for the Group.

The first reporting is due no later than 18 months after the end of the first financial year which has been covered by the new rules.

For Nilfisk the first financial year subject to the new legislation will be 2024. Nilfisk has made a review of safe harbour available for the Group, and expects that all jurisdictions where the Group has a taxable presence to be covered under one of the transitional safe harbours for 2024. Nilfisk has also made an assessment for potential additional tax liabilities due for jurisdictions in case no safe harbour provision would apply, which indicated a limited potential increased tax liability for the Group.

2.7 Tax – continued

Key accounting estimates

The Group recognizes deferred tax assets, including the expected value of tax losses carried forward, based on an assessment of the recoverability of the deferred tax assets. The assessment of the recoverability of the deferred tax assets involves estimates by the Executive Management Board as to the likelihood of the realization of the deferred tax assets within a foreseeable future. This depends on a number of factors including whether there will be sufficient taxable profits available in future periods, against which the tax losses carried forward can be utilized.

The Executive Management Board's assessment of the recoverability of the deferred tax assets is based on taxable income projections which contain estimates of and tax strategies for the taxable income for the next five years, taking into account general market conditions and the Nilfisk Group's future development outlook. The projections are based on the Group's budget and mid-term targets, and are inherently subject to uncertainty, as the realization of the projections are dependent on the outcome of future events.

In the event that actual future taxable profits generated are less than expected, and depending on the tax strategies that the Nilfisk Group may be able to implement, impairment of the deferred tax assets may be required.

It is the Executive Management Board's assessment that the budgets and mid-term targets are achievable and support the recognized deferred tax assets.

Nilfisk operates in a large number of tax jurisdictions where tax legislation is complex and subject to interpretation.

Management makes judgments on uncertain tax positions to ensure recognition and measurement of tax assets and liabilities.

Nilfisk applies the exception available in IAS 12 from calculating the effects of deferred taxes relating to the OECD Pillar II initiative.

A limited proportion of Nilfisk's profits may be under the risk of being subject to Pillar II income taxes, with an estimated immaterial impact on the effective tax rate.

2.7 Tax – continued

Deferred tax assets and liabilities

EUR million	2023	2022
Specification of deferred tax assets and liabilities:		
Intangible assets	-13.5	-15.0
Property, plant, and equipment	-1.3	-2.4
Other non-current assets	0.8	-0.3
Current assets	-0.6	-1.1
Other non-current liabilities	5.0	4.0
Current liabilities	15.2	15.7
Tax base of tax loss carryforwards and credits	14.2	13.8
Valuation allowances	-3.3	-1.4
Deferred tax assets/liabilities	**16.5**	**13.3**

EUR million	2023	2022
Presentation of deferred tax:		
Deferred tax assets	23.4	20.6
Deferred tax liabilities	-6.9	-7.3
Deferred tax assets/liabilities	**16.5**	**13.3**

EUR million	2023	2022
Deferred tax assets, January 1	20.6	15.7
Deferred tax liabilities, January 1	-7.3	-5.9
Exchange rate adjustments	-0.3	-0.1
Tax recognized in other comprehensive income	3.1	-1.6
Deferred tax recognized in the income statement current and prior year	0.4	5.2
Deferred tax, December 31	**16.5**	**13.3**

§ Accounting policy

Current tax payable and receivable is recognized in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on taxable income for prior years and for prepaid tax.

Tax for the year is comprised of current and deferred tax on profit for the year, including adjustments to previous years and changes due to change in tax rates. Tax for the year is recognized in the income statement, unless the tax expense relates directly to items included in other comprehensive income or equity.

Deferred tax is measured according to the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax is, however, not recognized with respect to temporary differences on initial recognition of goodwill and other items, apart from business combinations, where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

In cases where the computation of the tax base may be made according to different tax rules, deferred tax is measured on the basis of management's intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax losses allowed for carry-forward, are recognized under other non-current assets at their expected utilization value, either as set-off against tax on future income, or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Section 3 Remuneration

This section relates to remuneration to the Board of Directors, Nilfisk Leadership Team, and employees, including long-term incentive programs

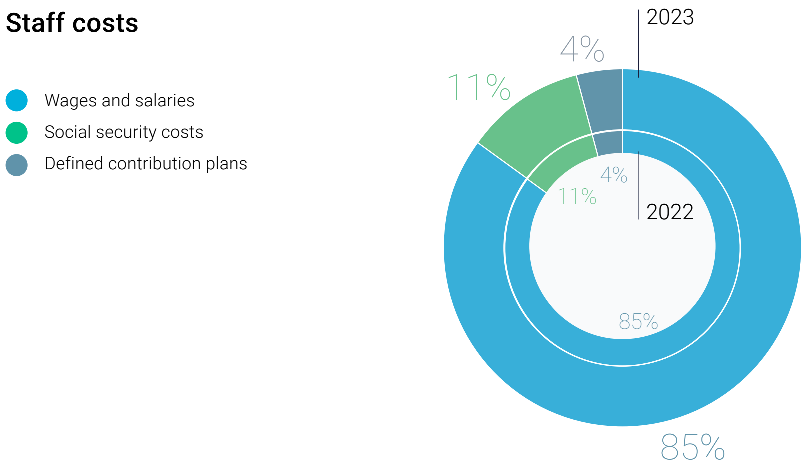
Key developments 2023
Staff costs increased by 6.5% to 301.7 mEUR and the number of average full-time equivalents decreased by 1.9% corresponding to 92 employees. The increase in total staff costs was driven by expansion of the production facilities as well as redundancy costs related to the continued execution of Business Plan 2026.

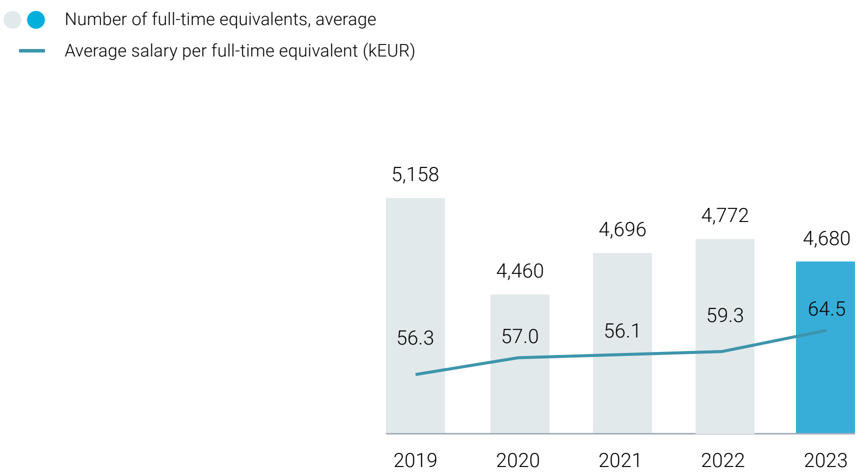
Remuneration policy
Nilfisk's remuneration policy contains guidelines for setting and approving the remuneration to the Board of Directors and the salaries of the Nilfisk Leadership Team.

The Board of Directors receive a fixed remuneration, while the members of the Nilfisk Leadership team receive a fixed salary base, including pension and other customary non-monetary benefits such as a company car. The remuneration further includes a short-term cash-based bonus program and a long-term incentive program. This structure ensures alignment of interest between Management and shareholders of Nilfisk and maintains Management's motivation to achieve both short- and long-term strategic goals.

More information on the compensation of the Board of Directors and the Nilfisk Leadership Team is available in our Remuneration Report available online at Nilfisk's Investor Relations site, where our Remuneration Policy is also located.

Staff costs





3.1 Staff costs

Staff costs specification

EUR million	2023	2022
Wages and salaries	255.8	239.8
Long-term incentive programs	-0.3	0.2
Social security costs	33.9	31.4
Defined contribution plans	11.8	11.1
Defined benefit plans	0.5	0.7
Total	**301.7**	**283.2**

Number of full-time equivalents, average	4,680	4,772
Staff costs per full-time equivalents (EUR thousand)	64.5	59.3

Accounting policy

Staff costs is comprised of wages and salaries, remuneration, expenses under long-term incentive programs, pensions, etc.

3.2 Remuneration to the Board of Directors and the Nilfisk Leadership Team

Nilfisk Leadership Team

The remuneration to the Executive Management Board and the Nilfisk Leadership Team has increased from 7.6 mEUR in 2022 to 8.1 mEUR in 2023, primarily due to the salary and redundancy costs to former members of the Executive Management Board in 2023 as well as higher base salary to the new interim CEO.

Remuneration to the Nilfisk Leadership Team

EUR thousand	Executive Management Board	Nilfisk Leadership Team	Total
2023			
Salary and pension[1]	2,572.2	3,740.5	6,312.7
Annual bonus	533.5	798.5	1,332.0
Long-term incentive programs	-162.3	283.4	121.1
Other benefits	98.0	349.8	447.8
Total	**3,041.4**	**5,172.2**	**8,213.6**
2022			
Salary and pension[2]	1,828.9	3,504.9	5,333.8
Annual bonus	1,001.8	456.5	1,458.3
Long-term incentive programs	362.8	123.0	485.8
Other benefits	144.6	190.6	335.2
Total	**3,338.1**	**4,275.0**	**7,613.1**

[1]Includes salary and redundancy costs to former members of the Executive Management Board and Nilfisk Leadership Team members, partly included in special items
[2]Includes salary and redundancy costs to the former Executive Management Board, partly included in special items

Board of Directors

The remuneration to the Board of Directors covers 12 board members in 2023 (2022: 11 board members). One member has waived the remuneration. The Audit Committee fee in 2023 increased compared to 2022, as the fee was partly waived in 2022.

Remuneration to the Board of Directors

EUR thousand	2023	2022
Board of Directors	599.6	546.1
Audit Committee	40.0	28.5
Remuneration Committee	16.3	21.4
Nomination Committee	29.1	26.8
Total remuneration to the Board of Directors	**685.0**	**622.8**

3.3 Long-term incentive programs

The expense for all long-term incentive programs is calculated under the provision for share-based payments in accordance with IFRS 2.

The performance share program is recognized under equity with an amount of 1.2 mEUR (2022: 2.4 mEUR).

In 2023, the 2020 performance share program vested and was partly paid out in accordance with the realized targets. The remaining program costs from the 2020 program were reversed in accordance with IFRS 2. The 2021 program costs were adjusted in 2023 based on the performance in the vesting period, and therefore came to an income of 0.4 mEUR in 2023. Expenses for the 2022 and 2023 program came to 0.4 mEUR in 2023. Expenses for the warrant program, introduced in 2023, came to 0.1 mEUR. Hence total recognition of long-term incentive programs came to an income of 0.3 mEUR in 2023 compared to a cost of 0.2 in 2022.

The table below shows the costs recognized for share-based payments in the income statement.

Recognition of long-term incentive programs

EUR million	2023[1]	2022[1]
2019 performance share program	-	-0.5
2020 performance share program	-0.1	-
2021 performance share program	-0.4	0.3
2022 performance share program	0.1	0.4
2023 performance share program	0.3	-
Warrant program	0.1	-
Total long-term incentive programs	**-**	**0.2**

[1]Includes costs for long-term incentive program to former employees, partly included in special items

Performance share program

In line with the remuneration policy approved by the Annual General Meeting held on March 23, 2023, the Nilfisk Leadership Team and selected key employees have been awarded performance shares with a three-year cliff vesting depending on performance measures on EBITDA, Total Shareholder Return (TSR), and Sustainability.

In 2023, 29 employees were offered participation in the 2023 program with a total of 151,456 performance shares equal to 0.28% of the total number of shares in Nilfisk Holding A/S.

Below is an overview of outstanding performance shares at December 31.

Outstanding performance shares

Shares	2023	2022
2020 performance share program	-	128,277
2021 performance share program	56,169	77,143
2022 performance share program	48,041	83,677
2023 performance share program	96,877	-
Total outstanding performance shares	**201,087**	**289,097**

Upon exercise of the performance shares awarded, Nilfisk Holding A/S is entitled to settle in cash. As Nilfisk Holding A/S does not currently have an intention to settle the shares in cash upon exercise the program is accounted for as an equity-settled program.

The performance share program measures have been divided into three separate categories:

1. EBITDA	EBITDA is defined as a non-market condition and is based on the company's expectations for future financial results.
2. TSR	TSR is defined as a market condition which is based on a Monte Carlo simulation to determine the expected increase in share price over the period. Since the TSR is defined as a market condition the valuation is fixed at grant date.
3. Sustainability	Sustainability performance is based on Nilfisk performance in relation to CO_2 emissions from the use of sold products, according to category 11 of the Greenhouse Gas Protocol, corresponding to scope 3 targets. Actual performance is reported annually in the CSR report.

Performance shares

	Number of performance shares		Avg. exercise price per performance share (DKK)		Avg. exercise price per performance share (EUR)	
	2023	2022	2023	2022	2023	2022
Outstanding, January 1	289,097	220,944	165	150	22	20
Granted during the period	151,456	89,405	203	203	27	27
Forfeited during the period	-111,189	-21,252	167	170	22	23
Exercised during the period	-51,231	-	133	-	-	-
Expired during the period	-77,046	-	133	-	-	-
Outstanding, December 31	**201,087**	**289,097**	**162**	**165**	**22**	**22**
Weighted average remaining contractual life (months)					15	10
Fair value at grant date (mEUR)					2.7	2.4

3.3 Long-term incentive programs – continued

New warrant-based long-term incentive program
At the Annual General Meeting held on March 23, 2023, Nilfisk obtained shareholder approval for the Board of Directors to issue warrants following an approval of changes to the remuneration policy introducing a new warrant-based long-term incentive program.

The new program is structured as a matching warrant program, meaning that the participation in the program is conditional upon the participants' own investment in shares in Nilfisk. The participants will be awarded warrants which give the holder the right to convert one warrant into one share after a three-year vesting period at a fixed strike price, provided applicable conditions are fulfilled.

At the end of March 2023, the Nilfisk Leadership Team were offered the opportunity to participate in the matching warrant program which could be accepted until August 31, 2023. Warrants will be issued upon the participants' acceptance, fulfillment of the conditions for participation, and approval by the Board of Directors. The warrants were approved and granted in two distinct timeframes, June and September respectively, resulting in different vesting periods.

The Black-Scholes model has been applied for calculation of the fair value of the warrants. The expected volatility is based on the historical share price volatility for the Nilfisk Holding share over a period of 3 years. It is expected that the warrants on average will be exercised between the vesting date and the expiry date.

Outstanding warrants

Warrants	2023	2022
Warrant program June 2023	113,145	-
Warrant program September 2023	28,965	-
Total outstanding warrants	**142,110**	**-**

Assumptions for Black-Scholes calculation	2023
Share price (DKK)	131.1
Strike price (DKK)	200.0
Time to maturity (years)	3.5
Risk-free rate	3.1%
Volatility	45.1%
Dividends	**0.0%**

Warrants

	Number of warrants		Avg. exercise price per warrant (DKK)		Avg. exercise price per warrant (EUR)	
	2023	2022	2023	2022	2023	2022
Outstanding, January 1	-	-	-	-	-	-
Granted during the period	165,332	-	200	-	27	-
Forfeited during the period	-23,222	-	200	-	27	-
Outstanding, December 31	**142,110**	**-**	**200**	**-**	**27**	**-**
Weighted average remaining contractual life (months)					31	-
Fair value at grant date (mEUR)					0.6	-

Accounting policy

The Nilfisk Group's long-term incentive programs include a performance share program and a warrant program for Nilfisk Leadership Team and selected key employees.

Performance share program
The performance share program is accounted for as an equity-settled share-based payment to employees and measured at the fair value of the option. The Total Shareholder Return (TSR vesting condition) is measured at grant date, whereas estimated EBITDA (vesting condition) will be updated based on the plans approved by the board.

The fair value is expensed on a straight-line basis over a period of three years. At the end of the period the participants will be awarded shares corresponding to the achieved targets.

Warrant program
The warrant program is accounted for as an equity-settled share-based payment to employees and measured at the fair value of the option. The fair value of the program is measured at grant date.

The fair value is expensed on a straight-line basis over a period of three years. At the end of the period the participants will have the right to convert each warrant into one share, provided applicable conditions are fulfilled.

Please see Note 6.3 for hedge accounting policy.

Section 4 Capital employed

This section covers Nilfisk Group's investments in non-current assets that form the basis for the Group's operations, and non-current liabilities arising as a result thereof.

The non-current liabilities in this section are regarded as non-interest-bearing and are comprised of employee pension benefits and provisions. Interest-bearing receivables and liabilities are covered in Note 6.

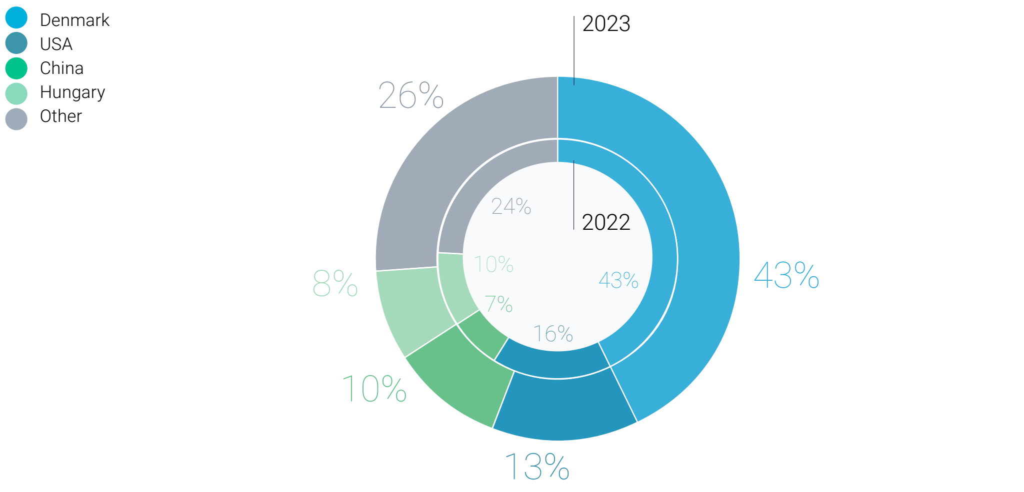
The Nilfisk Group mainly invests in production equipment to ensure satisfactory delivery flow to customers. Furthermore, rental machines have become an increasing part of the non-current assets. Investments in intangible assets are driven by development projects focusing on renewing and optimizing the product portfolio and on software in relation to front-end applications and ERP systems.

Production sites in Nilfisk are mostly assembly lines and they are therefore not capital-intensive in terms of fixed assets.

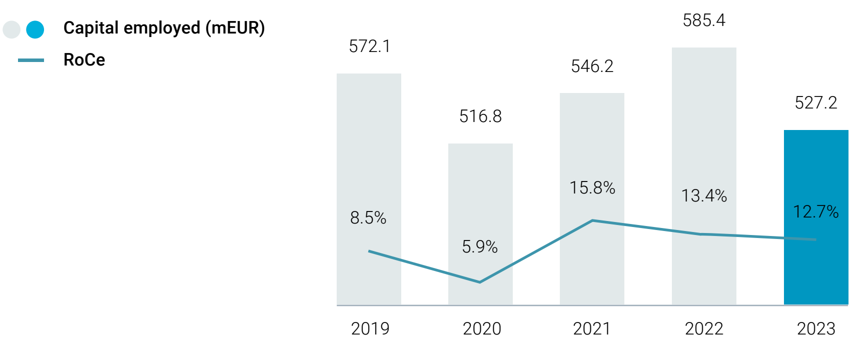
Key developments 2023
Capital employed decreased by 58.2 mEUR compared to 2022. The development in capital employed was largely driven by a decrease in working capital.

In 2023, Nilfisk's return on capital employed (RoCE) decreased by 0.7 percentage point to 12.7% from 13.4% in 2022. The decrease was mainly driven by the development in capital employed.

Property, plant and equipment and intangible assets by country excluding goodwill



Capital employed and RoCe



4.1 Capital employed

EUR million	2023	2022
Intangible assets	243.4	244.3
Property, plant, and equipment	112.8	102.8
Investments in associates	34.9	33.2
Other investments and receivables	2.8	12.0
Deferred tax	16.5	13.3
Provisions	-19.0	-17.9
Pension liabilities	-3.8	-4.4
Working capital	139.6	202.1
Capital employed	**527.2**	**585.4**

4.2 Impairment test

Accounting policy

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment. Development and software projects in progress are also tested annually for impairment.

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill is allocated and written down to the recoverable amount over the income statement if the carrying amount is higher. The recoverable amount is generally computed as the present value of the expected future net cash flows (value in use) from the business or activity (cash-generating unit) to which goodwill is allocated.

Other non-current assets
The carrying amount of other non-current assets is reviewed annually for indication of impairment. If such an indication exists, the recoverable amount of the asset is determined. The recoverable amount is the fair value of the asset less anticipated costs of disposal, or its value in use, whichever is higher. The value in use is calculated as the present value of expected future cash flows from the asset or the cash-generating unit of which the asset is part.

Impairment loss
Impairment is recognized if the carrying amount of an asset or a cash-generating unit exceeds the respective recoverable amount thereof. The impairment is recognized in the income statement under the functions it relates to. Gain or loss of divestment of businesses is recognized as special items. Impairment of goodwill is not reversed. Impairment of other assets is reversed in the event of changes having taken place in the conditions and estimates on which the impairment calculation was based. Impairment is only reversed if the new carrying amount of the asset does not exceed the carrying amount that would have applied after amortization if the asset had not been impaired.

Key accounting judgments

Allocation of goodwill on cash-generating units
Goodwill is allocated to the reportable segments.
The calculation of EBITDA for each cash-generating unit is based on certain judgment relating to allocation of future EBITDA which is allocated to the cash-generating units.
The change in the goodwill balances from January 1, 2023 to December 31, 2023 relates to exchange rate adjustments during the year.

The carrying amount of goodwill per cash-generating unit as of December 31, is as follows:

EUR million	2023	2022
Professional	66.6	67.3
Service	19.8	20.0
Specialty	81.2	82.0
Consumer	1.1	1.1
Total	**168.7**	**170.4**

The reportable segments have been changed January 1, 2023. See Note 1.1 for detailed description. Comparison figures have been changed accordingly.

4.2 Impairment test - continued

Key accounting estimates

Impairment test on goodwill allocated to cash-generating units as of December 31, 2023
Impairment tests are performed for each cash-generating unit (CGU) based on budgets for 2024 and forecasts for the period 2025-2028. The impairment tests performed for the CGUs show comfortable headroom as of December 31, 2023. No indication of impairment exists in any of the CGUs.

Key assumptions applied
The future cash flow projections are based on Management's estimates of the Nilfisk Group's development in the next five years, which are based on key assumptions and considerations. The significant changes to the macroeconomic environment during 2023 are included in Management's estimates.

Macroeconomic environment factors
The Global conflicts, natural disasters, and inflationary pressures continued to impact the market and had economic implications throughout the world in 2023. The global instability contributed to deterioration of the overall geo-political and economic climate.

In the future cash flow projection, we have assessed and considered the impact from inflation, global instability and natural disasters increasing freight costs that could trigger increase in material costs in the short- and long term. The negative impact from increasing material costs is countered by continued investment initiatives in strengthening our supply chain robustness as a key factor in supporting our long-term sustainable growth targets.

Increasing labour rates driven by customers demand for equipment and services that enable labour productivity, plus labour shortages, tighter regulatory requirements for health and safety standards and a sharp increase in sustainability requirements was also taken into consideration. To counter this investment initiatives towards digital transformation will enhance our value proposition to customers and drive demand for Nilfisk products and services in the longer term.

Continued increasing requirements for more sustainable production and energy efficiency also leads to increased investments and costs, e.g. converting cost towards a more sustainable production. Furthermore, customers are focusing more and more on having a reliable partner that can support them in their own sustainability journey. These matters were discussion points in the cash flow projection considerations and addressed based on our strong sustainability strategy growth target for each CGU both short- and long-term.

Climate-related risk and uncertainties related to our business and increased compliance requirements were assessed in the cash flow projection period, both from a short- and long-term perspective. Based on experience from the incident in 2022 caused by a tornado destroying our US Distribution Center and acknowledging the ongoing climate changes, the long-term effect hereof was included in the projection of future growth on CGU level.

Revenue growth:
Projections in the forecasting period for the individual CGUs are estimated on the basis of expected market development including strategic initiatives, autonomous machines, and the macroeconomic environment described above. Past experience is taken into consideration as well as the expected impact from growth initiatives.

Gross margin development:
When estimating the CGUs margin development in the forecasting period, past experience and the impact from expected efficiency improvements are taken into consideration. The expected impact of initiatives such as component standardization through value engineering and platforming, macroeconomic environment factors described above, and other initiatives is taken into consideration for the relevant CGUs.

Terminal growth:
The terminal growth rate does not exceed the expected long-term average growth rate including inflation for the segments and countries in which we operate. The applied terminal growth rate for all cash generating units was 1.0%, unchanged from 2022.

Discount rate:
A pre-tax discount rate of 7.5% and a post-tax discount rate of 7.2% compared to 7.5% and 7.3% respectively in 2022 have been applied in the performed impairment tests. The discount rate has been applied to all CGUs, assuming our targeted ratio between the market value of our debt and equity value. The increase in interest rates has not impacted the calculated discount rate significantly compared to 2022. The discount rate after tax decreased 0.1 percentage point compared to last year.

Net working capital:
The development is linked to the current level of net working capital, budgets, and revenue growth.

Capital expenditure:
The development is linked to the budgets and expected future activity level, including only reinvestments.

4.2 Impairment test - continued

Key accounting estimates - continued

Development projects
Development projects/products completed and development projects/products in progress includes capitalized development costs for projects that support Business Plan 2026 to become a global leading cleaning provider with focus on digitalization and development of new products within autonomous cleaning. The value of the development projects is dependent on a number of factors, including the timely and successful completion of in-progress development projects as well as the Group's ability to successfully commercialize completed development projects/products. Since the products are under development or in the early stages of the product life cycle, any assessment of market potential, product performance and viability, customer demand, potential impact from technological innovations and competitor actions, marketing and services cost, the ability to scale production and reduce production costs etc. is inherently subject to uncertainty. These uncertainties are assessed throughout the maturity of the projects and as such, the risk is reduced the closer the projects get to the completion stage. Where possible, the estimates are based on past experience, but are also dependent on the outcome of future events, which will be highly project dependent. It is the Executive Management Board's assessment that a significant market potential exists, and that the value-in-use of development projects completed and development projects in progress exceed the carrying amounts under the assumptions mentioned above.

Other non-current intangible assets, property, plant and equipment
Other non-current assets were also tested for impairment indications together with goodwill as of 31 December 2023. No indication of impairment was identified in connection with these tests.

Sensitivity

The Group has conducted an analysis of the sensitivity of the impairment test to determine the lowest forecast growth rates and/or highest discount rates (WACC) that can occur in the CGUs leading to any impairment loss. The sensitivity tests calculate the impact of higher interest rates and challenging macroeconomic situations. Management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of the related segments (CGUs).

4.3 Intangible assets

	2023							2022						
EUR million	**Goodwill**	**Trade-marks[1]**	**Customer related assets**	**Development projects completed**	**Software, Know-how, Patents and Competition Clauses**	**Development projects and software in progress**	**Total**	**Goodwill**	**Trade-marks[1]**	**Customer related assets**	**Development projects completed**	**Software, Know-how, Patents and Competition Clauses**	**Development projects and software in progress**	**Total**
Costs, January 1	170.4	24.1	31.6	168.6	98.2	23.6	516.5	169.1	24.1	31.1	159.0	95.1	20.1	498.5
Exchange rate adjustments	-1.7	-0.4	-0.7	-0.8	-0.8	-	-4.4	1.3	-	0.5	-0.1	0.7	-	2.4
Additions	-	-	-	7.6	1.2	13.6	22.4	-	-	-	1.7	0.7	13.5	15.9
Disposals	-	-	-	-0.6	-1.9	-	-2.5	-	-	-	-	-0.3	-	-0.3
Transferred between classes of assets	-	-	-	10.5	3.6	-14.1	-	-	-	-	8.0	2.0	-10.0	-
Costs, December 31	**168.7**	**23.7**	**30.9**	**185.3**	**100.3**	**23.1**	**532.0**	**170.4**	**24.1**	**31.6**	**168.6**	**98.2**	**23.6**	**516.5**
Amortization and impairment, January 1	-	-18.0	-27.8	-143.7	-79.6	-3.1	-272.2	-	-16.8	-25.9	-133.2	-71.6	-1.5	-249.0
Exchange rate adjustments	-	0.2	0.7	0.6	0.8	-	2.3	-	-	-0.3	0.1	-0.7	-	-0.9
Amortization for the year	-	-1.2	-1.3	-10.7	-7.8	-	-21.0	-	-1.2	-1.6	-10.3	-7.6	-	-20.7
Impairment	-	-	-	-	-	-0.1	-0.1	-	-	-	-0.3	-	-1.6	-1.9
Disposals	-	-	-	0.6	1.8	-	2.4	-	-	-	-	0.3	-	0.3
Amortization and impairment, December 31	**-**	**-19.0**	**-28.4**	**-153.2**	**-84.8**	**-3.2**	**-288.6**	**-**	**-18.0**	**-27.8**	**-143.7**	**-79.6**	**-3.1**	**-272.2**
Carrying amount, December 31	**168.7**	**4.7**	**2.5**	**32.1**	**15.5**	**19.9**	**243.4**	**170.4**	**6.1**	**3.8**	**24.9**	**18.6**	**20.5**	**244.3**
Investment ratio (% of amortizations)	-	-	-	169%	62%	-	174%	-	-	-	94%	36%	-	125%

[1]Trademarks with a carrying amount of 2.6 mEUR (2022: 2.7 mEUR) are not amortized, as they are regarded as having an indefinite useful life.

Impairment losses

In 2023 impairment losses of 0.1 mEUR were included in sales and distribution costs. The impairment loss was related to phasing out software.

In 2022 impairment losses of 1.9 mEUR were included in research and development costs. The impairment loss was related to phasing out and an early-stage research and development project.

4.3 Intangible assets – continued

§ Accounting policy

Intangible assets are initially recognized in the statement of financial position at cost. Subsequently, intangible assets are measured at cost less accumulated impairment losses.

Goodwill
The carrying amount of goodwill is allocated to the Nilfisk Group's cash-generating units at the acquisition date. The identification of cash-generating units is based on the managerial structure and internal financial control. As a result of the integration of acquisitions in the existing Nilfisk Group, and identification of operating segments based on the presence of segment managers, the Executive Management Board has assessed that the smallest cash-generating units to which the carrying amount of goodwill can be allocated during testing for impairment are the reportable segments. The reportable segments are comprised of the Nilfisk Group's operating segments without aggregation (Note 2.1 Segment information).

Development projects
Development projects are recognized as intangible assets when the projects are clearly defined and identifiable, for which the technical feasibility, adequacy of resources and a potential future market or internal utilization can be demonstrated, and where it is intended to manufacture or utilize the asset. This assumes that the costs can be reliably determined, and that there is also adequate certainty that the future earnings or net selling prices can cover the carrying amount as well as the development costs necessary for finalizing the project.

Capitalized development projects are measured at cost less accumulated amortization and impairment losses. The costs include wages, amortization and other costs relating to the Nilfisk Group's development activities.

Development projects and software in progress
Internally generated intangible assets are recognized when the technical feasibility, adequacy of resources, and a potential market or internal utilization can be demonstrated, provided the costs can be reliably determined and it is probable that the project will generate future earnings.

Initial cost of the internal generated asset is the sum of expenditures incurred from the date when the asset first meets the recognition criteria. This includes all directly attributable cost necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. This includes cost of material and services and employee benefits.

Modularity
Modularity projects include a platform and connected products. When the platform is at a maturity that can commence the development of the products, the modularity platform is assessed to be financially completed and amortization will start. Any future cost related to the platform will be capitalized as part of the development cost for the products.

Modularity products share a common platform but are capitalized as separate assets when the criteria for recognition is met. The useful life of the assets is assessed separately. The platform is expected to have a useful life of 15 years and the useful life of the products will be within the range of 3-8 years, depending on the type of product.

Amortization
Intangible assets are amortized on a straight-line basis over the expected useful life which is:

Trademarks, etc.	Indefinite or 3-10 years
Customer related assets	3-15 years
Development projects	3-8 years
Development projects, platform – modularity	15 years
Software, know-how, patents and competition clauses	2-15 years

Intangible assets with an indefinite useful life are not amortized but are tested annually for impairment.

4.4 Property, plant, and equipment

	2023					2022				
EUR million	**Land and buildings**	**Plant and machinery**	**Tools and equipment**	**Assets under construction incl. prepayment**	**Total**	**Land and buildings**	**Plant and machinery**	**Tools and equipment**	**Assets under construction incl. prepayment**	**Total**
Costs, January 1	18.4	17.4	145.2	4.3	185.3	20.9	15.9	139.6	3.1	179.5
Exchange rate adjustments	-0.8	-0.2	-1.0	-	-2.0	-0.1	0.4	2.0	-0.1	2.2
Additions	-	0.1	8.5	7.0	15.6	-	0.1	7.9	8.8	16.8
Disposals	-3.3	-3.2	-32.5	-0.5	-39.5	-2.4	-0.8	-10.0	-	-13.2
Transferred between classes of assets	-	0.9	4.5	-5.4	-	-	1.8	5.7	-7.5	-
Costs, December 31	**14.3**	**15.0**	**124.7**	**5.4**	**159.4**	**18.4**	**17.4**	**145.2**	**4.3**	**185.3**
Depreciation and impairment, January 1	-11.5	-12.5	-115.9	-	-139.9	-12.6	-11.9	-111.1	-	-135.6
Exchange rate adjustments	0.4	0.1	1.1	-	1.6	0.1	-0.4	-1.5	-	-1.8
Depreciation for the year	-0.2	-1.2	-12.2	-	-13.6	-0.4	-1.0	-11.5	-	-12.9
Impairment	-	-	-	-	-	-	-	-0.3	-	-0.3
Disposals	3.3	3.2	32.2	-	38.7	1.4	0.8	8.5	-	10.7
Depreciation and impairment, December 31	**-8.0**	**-10.4**	**-94.8**	**-**	**-113.2**	**-11.5**	**-12.5**	**-115.9**	**-**	**-139.9**
Carrying amount, December 31	**6.3**	**4.6**	**29.9**	**5.4**	**46.2**	**6.9**	**4.9**	**29.3**	**4.3**	**45.4**
Investment ratio (% of depreciation)	-	83%	107%	-	154%	-	190%	118%	-	188%

Impairment losses

In 2023, no impairment losses were recognized.

The impairment loss recognized in 2022 was related to a consumer product that was phased out.

1. Basis for reporting
2. Profit for the year
3. Remuneration
4. Capital employed
5. Working capital
6. Capital structure
7. Cash flow
8. Other notes

4.4 Property, plant, and equipment – continued

Accounting policy

Land and buildings, plant and machinery, tools and equipment, and other property, plant, and equipment is measured at cost less accumulated depreciation and impairment losses.

The costs are comprised of the purchase price and any costs directly attributable to the acquisition until the asset is ready for use. The costs of self-constructed assets are comprised of costs of materials, components, subcontractors, and wages. The costs are supplemented by the present value of estimated liabilities related to dismantling and removing the asset and restoring the site on which the asset was utilized.

Subsequent costs, e.g. relating to replacement of parts of an item of property, plant, and equipment, are recognized in the carrying amount of the asset if it is likely that the costs will result in future economic benefits for the Nilfisk Group. The carrying amount of the replaced parts is derecognized in the statement of financial position and recognized in the income statement. All other costs relating to ordinary repair and maintenance are recognized in the income statement as incurred.

If individual parts of an item of property, plant, and equipment have different useful lives, they are depreciated separately.

Property, plant, and equipment are depreciated on a straight-line basis over the expected useful lives which is:

Buildings	8-50 years
Plant and machinery	3-20 years
Tools and equipment	3-15 years
Land	not depreciated

The basis of depreciation is calculated according to the residual value less impairment losses. The residual value is determined at the acquisition date and reviewed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on the depreciation is recognized prospectively as a change in accounting estimates.

Property, plant, and equipment under construction and prepayments are measured at cost. When ready for use, the asset is transferred to the relevant category and depreciated.

4.5 Right-of-use assets

	2023				2022			
EUR million	**Land and buildings**	**Plant and machinery**	**Tools and equipment**	**Total**	**Land and buildings**	**Plant and machinery**	**Tools and equipment**	**Total**
Costs, January 1	87.6	4.8	39.0	131.4	81.3	4.7	33.0	119.0
Exchange rate adjustments	-0.8	-	-0.6	-1.4	1.5	-	0.3	1.8
Additions	21.9	1.5	15.1	38.5	18.5	0.2	12.8	31.5
Disposals	-7.2	-1.4	-7.5	-16.1	-13.7	-0.1	-7.1	-20.9
Costs, December 31	**101.5**	**4.9**	**46.0**	**152.4**	**87.6**	**4.8**	**39.0**	**131.4**
Depreciation and impairment, January 1	-48.8	-3.3	-21.9	-74.0	-41.2	-2.5	-19.1	-62.8
Exchange rate adjustments	0.7	-	0.2	0.9	-0.3	-	-0.2	-0.5
Depreciation for the year	-16.0	-0.9	-10.3	-27.2	-15.7	-1.0	-9.2	-25.9
Impairment	-	-	-	-	-2.0	-	-	-2.0
Disposals	6.7	0.7	7.1	14.5	10.4	0.2	6.6	17.2
Depreciation and impairment, December 31	**-57.4**	**-3.5**	**-24.9**	**-85.8**	**-48.8**	**-3.3**	**-21.9**	**-74.0**
Carrying amount, December 31	**44.1**	**1.4**	**21.1**	**66.6**	**38.8**	**1.5**	**17.1**	**57.4**

Impairment losses
No impairment losses have been recognized in 2023.

In 2022, impairment losses of 2.0 mEUR were included in special items. The impairment losses were mainly related to damaged assets from the tornado that hit Nilfisk's US Distribution Center and the suspension of activities in Russia.

Not recognized right-of-use assets and liabilities
The Group has signed lease contracts in which the assets were not available for use by the Group at year-end. The value of these right-of-use assets and corresponding liabilities are not included in the statement of financial position but will be included when the assets are available for use by the Group.

Total minimum payments for signed but not recognized contracts are 1.7 mEUR (2022: 11.9 mEUR).

Lease contracts recognized as overhead costs
Short-term and low value lease contracts are expensed directly as overhead costs. For 2023, the overhead costs amounted to 0.8 mEUR (2022: 1.1 mEUR).

The expected overhead costs for 2024 relating to short-term and low value lease contracts are 1.6 mEUR (2022: 1.2 mEUR for 2023).

Payments relating to lease arrangements
Total cash-out for right-of-use assets recognized in the statement of financial position in the year was 29.1 mEUR (2022: 27.1 mEUR). The amount is made up of repayment of lease liabilities of 26.4 mEUR (2022: 25.2 mEUR) and interest of 2.7 mEUR (2022: 1.9 mEUR).

See Note 6.1 for development of the lease liabilities.
See Note 6.3 for maturity analysis of the lease liabilities.

4.5 Right-of-use assets – continued

Accounting policy

Leases are recognized as right-of-use assets with the corresponding liability at the time the asset is available for use by the Group. Assets and liabilities arising from a lease are measured on a present value basis.

Lease liabilities are comprised of expected fixed payments throughout the expected lease period (including options to extend the lease when exercise is reasonably certain), less any lease incentives. The lease payments are discounted using the contract's internal discount rate or the Group's incremental borrowing rate.

The costs of right-of-use assets are comprised of the calculated lease liabilities, payments made prior to entering the lease, initial direct costs, and expected restoration costs.

Right-of-use assets and lease liabilities are re-measured when a factual or contractual change is executed or if a significant event or change affects the expected use of the assets. The impact is discounted to a present value basis.

Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses. When changing the value of right-of-use assets through remeasurement or when changing the depreciation period, the effect on the depreciation is recognized prospectively as a change in accounting estimates.

Right-of-use assets are depreciated on a straight-line basis of the expected length of the contract or the expected useful lives of the assets, whichever is the shorter.

Lease costs for low value assets and short-term leases are included as overhead costs throughout the period based on a straight-line basis.

Key accounting estimates

The individual right-of-use assets and the corresponding liabilities are highly impacted by the estimated lease period and the discount rate, where the underlying contracts can be prolonged or terminated early. As of December 31, 2023 the estimated useful life can be summarized as follows:

Leased buildings: 1-9 years, with a remaining average of 1.8 years (2022: 1-10 years with average of 2.3 years)

Other leases: 1-6 years with a remaining average of 1.6 years (2022: 1-6 years with average of 1.8 years)

Average discount rate for active contracts as of December 31, 2023 was 4.5% (2022: 4.0%).

4.6 Pension liabilities

Most employees in the Nilfisk Group are covered by pension plans, primarily in the form of defined contribution-based plans or alternatively by defined benefit plans.

The Nilfisk Group companies contribute to these plans either directly or by contributing to pension funds administered independently. The nature of such plans varies according to legislative and regulatory regimes, rules regarding tax, and the economic conditions in the countries in which the employees work. The contributions are usually based on employee salary and seniority. The liability relates to pensions for already retired staff as well as for employees retiring in the future.

The Nilfisk Group's defined benefit plans primarily relate to the UK, Germany, and Switzerland.

Key accounting estimates

The present value of defined benefit plans are based on actuarial assumptions. An increase/decrease in these assumptions may lead to an increase/decrease in the present value of the defined benefit plans.

Principal actuarial assumptions at the balance sheet date (as weighted average)	2023	2022
Discount rate	3.2%	2.9%
Future salary increases	2.0%	2.2%
Future pension increases	0.6%	0.6%

The anticipated duration of the plan liability, expressed as a weighted average, was 11.8 years at December 31, 2023 (2022: 12.2 years). The Nilfisk Group's expected contribution to defined benefit plans in 2023 amounts to 0.5 mEUR (2022: 0.5 mEUR)

Net liabilities recognized in the statement of financial position

	2023			2022		
EUR million	**Present value of obligations**	**Fair value of plan assets**	**Net obligation**	**Present value of obligations**	**Fair value of plan assets**	**Net obligation**
Obligations and assets, January 1	25.5	21.1	4.4	32.7	27.6	5.1
Recognized under staff costs in the income statement:						
Current service cost	0.4	-	0.4	0.7	-	0.7
Calculated interest expenses/income	0.9	0.8	0.1	0.4	0.4	-
Total	**1.3**	**0.8**	**0.5**	**1.1**	**0.4**	**0.7**
Recognized in other comprehensive income:						
Actuarial gains from changes in demographic assumptions	-0.2	-	-0.2	-	-	-
Actuarial gains from changes in financial assumptions	-	-	-	-7.3	-	-7.3
Other return on plan assets	-	-0.2	0.2	-	-6.5	6.5
Total actuarial gains on defined benefit plans	**-0.2**	**-0.2**	**-**	**-7.3**	**-6.5**	**-0.8**
Other changes:						
Contributions to plans	0.7	0.9	-0.2	0.6	0.9	-0.3
Benefits paid/received	-1.7	-1.1	-0.6	-1.1	-0.6	-0.5
Exchange rate adjustments	0.6	0.9	-0.3	-0.5	-0.7	0.2
Total	**-0.4**	**0.7**	**-1.1**	**-1.0**	**-0.4**	**-0.6**
Net recognized plan obligations and assets, December 31	**26.2**	**22.4**	**3.8**	**25.5**	**21.1**	**4.4**

EUR million	**2023**	**2022**
Plan assets recognized as follows:		
Securities with quoted market price	14.4	14.2
Cash	-	0.1
Other	8.0	6.8
Total	**22.4**	**21.1**

4.6 Pension liabilities – continued

Accounting policy

The Nilfisk Group has contracted pension plans and similar arrangements with the majority of its employees.

Liabilities with respect to defined contribution-based pension plans for which the Nilfisk Group makes fixed regular payments to independent pension companies are recognized in the income statement in the period to which they relate. Any contributions outstanding are recognized in the statement of financial position under other payables.

In the case of defined benefit plans, an annual actuarial calculation (the Projected Unit Credit Method) is made of the present value of future benefits payable under the plan. The present value is determined based on assumptions about the future development in variables such as salary levels, interest rates, inflation, and mortality. The present value is determined only for benefits earned by employees from their employment with the Nilfisk Group. The actuarial present value less the fair value of any plan assets is recognized in the statement of financial position under employee benefits.

Pension expenses for the year are recognized in the income statement based on actuarial estimates and financial expectations at the start of the year. The differences between calculated return and realized return on plan assets and liabilities are designated actuarial gains or losses and recognized in other comprehensive income.

If a pension plan constitutes a net asset, the asset is only recognized if it offsets cumulative actuarial losses or future refunds from the plan, or if it will lead to reduced future payments to the plan.

Sensitivity

The table below shows the sensitivity of the pension liability to changes in the key assumptions

EUR million	2023	2022
0.5% point increase in the discount rate	-1.5	-1.4
0.5% point decrease in the discount rate	1.7	1.6
0.5% point increase in the future salary increases	0.1	0.3
0.5% point decrease in the future salary increases	-0.1	-0.3

4.7 Provisions

Development in provisions

EUR million	Warranties	Other	Total
2023			
Provisions, January 1	10.5	7.4	17.9
Exchange rate adjustments	-0.2	-0.1	-0.3
Provisions made during the year	10.8	5.4	16.2
Used during the year	-10.3	-4.1	-14.4
Reversed during the year	-0.3	-0.1	-0.4
Provisions, December 31	**10.5**	**8.5**	**19.0**
Provisions are presented as:			
Non-current liabilities	-	4.9	4.9
Current liabilities	10.5	3.6	14.1
Total	**10.5**	**8.5**	**19.0**
2022			
Provisions, January 1	11.5	4.6	16.1
Exchange rate adjustments	0.1	0.2	0.3
Provisions made during the year	8.9	3.8	12.7
Used during the year	-9.6	-1.1	-10.7
Reversed during the year	-0.4	-0.1	-0.5
Provisions, December 31	**10.5**	**7.4**	**17.9**
Provisions are presented as:			
Non-current liabilities	-	5.8	5.8
Current liabilities	10.5	1.6	12.1
Total	**10.5**	**7.4**	**17.9**

Key accounting estimates

The amount recognized as a provision is the Executive Management Board's best estimate of the amount required to settle the obligation.

The warranty provision represents the Executive Management Board's best estimate of the Group's liability under 12-month warranties granted on products, based on past experience.

Accounting policy

Provisions are recognized when, as a result of events arising before or at the balance sheet date, the Nilfisk Group has a legal or a constructive obligation, and it is more likely than not that the settlement is expected to result in an outflow of resources.

When measuring provisions, the costs required to settle the obligation are discounted if this significantly affects the measurement of the liability. A pre-tax discount rate is applied that reflects the current market interest rate and the specific risks relating to the obligation. Changes in present values during the year are recognized under financial expenses.

Warranty commitments are recognized in step with sale of goods and services based on the level of warranty expenses incurred in previous years. Serial fault is included as a warranty provision. Serial faults only become a warranty at the time the items have left the factory and are up for sale. Until then, handling faults are part of the quality review and are recognized as such cost under cost of sales.

Other provisions include mainly the restoration of rented facilities, provisions related to restructuring and legal cases, etc.

Provisions for restoring rented facilities when vacated are measured at the present value of the expected clearance and closure obligation at the balance sheet date. The provision is based on existing encumbrances and estimated costs discounted to present value. Specific risks considered attached to the obligation are included in the estimated costs. A discount rate is applied that reflects the current market interest rate. The obligations are included as they occur and are continuously adjusted to reflect changed requirements and price levels, etc. The present value of the costs is included in the costs of the relevant tangible assets and depreciated accordingly. The increase in the present value over time is recognized in the income statement under financial expenses.

The timing of the restoration provision will depend on the expected length of the contract and will be reassessed when contract terms change. The amount of the restoration provision will be an assessment based on contract terms, market condition, previous experience, external assessment, and m2 prices for the specific area. The amount will be reassessed if there are significant market changes or if there are changes in contract terms.

The timing and amount for restructuring provision will be assessed on a case-by-case basis and will depend on the type of restructuring and hence the cost associated with the restructuring. The uncertainties will naturally depend on the specific project and will be reduced the closer to the completion date the project gets.

Provision for legal cases is assessed on an ongoing individual basis and at least quarterly based on the developments in the case. Timing of the provision is assessed at least annually.

Section 5 Working capital

This section covers the Nilfisk Group's working capital.

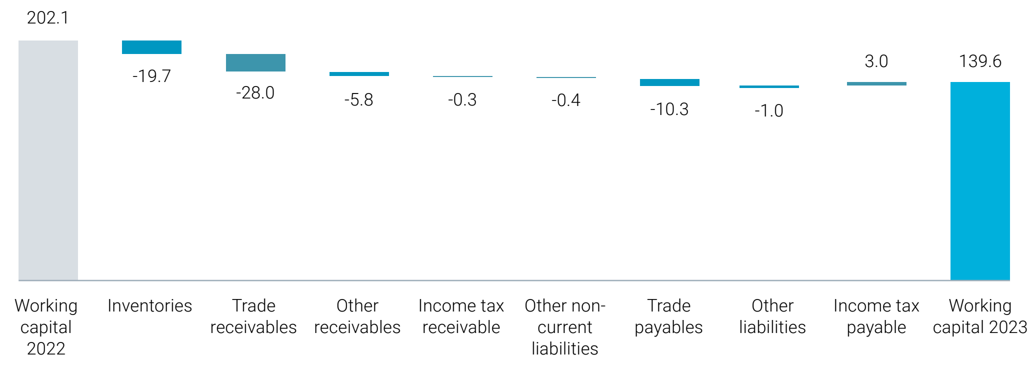
The working capital represents the assets and liabilities necessary to support the day-to-day operations. Working capital is defined as current assets less current and other non-current liabilities, excluding interest-bearing items and provisions, but including derivatives.

Key developments in 2023
Inventory management continued to be a focus area throughout 2023 and Nilfisk successfully managed to reduce inventory to 200.5 mEUR at the end of 2023 corresponding to a reduction of 19.7 mEUR compared to the end of 2022.

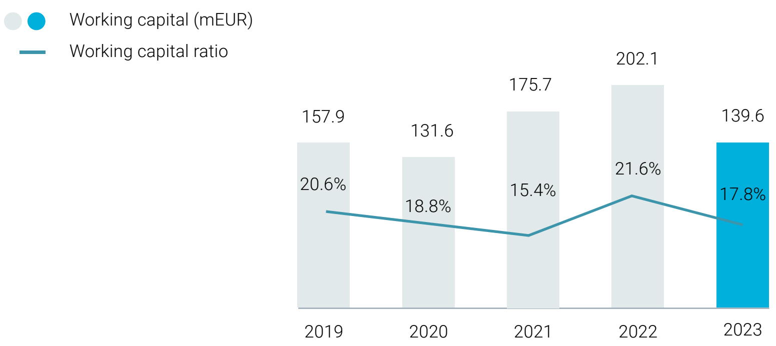
Trade receivables ended 28.0 mEUR below last year and amounted to 138.7 mEUR, partly from lower sales and partly from the non-recourse factoring program. Days sales outstanding were notably reduced compared to 2022.

Working capital overall decreased by 62.5 mEUR ending at 139.6 mEUR with a working capital ratio at 17.8%.

Development in working capital (mEUR)



Working capital and working capital ratio



5.1 Working capital

The working capital bridge is split between cash flows and non-cash changes.

Cash flows

Cash flows in working capital reflect the working capital disclosed in the cash flow statement.

Non-cash changes

Foreign exchange translations

As per the cash flow accounting policy, the cash flow is calculated by applying, to the foreign currency amount, the average exchange rate between the functional currency of the Group and the foreign currency at the date of the cash flow. As the working capital in the Statement of Financial Position is translated into the year-end exchanges rates the working capital bridge will be impacted by a foreign exchange translation.

Provision

Provision includes provision for expected credit loss and provision for inventory obsolescence.

Reclassifications

Reclassification comprises both reclassifications within working capital but also reclassification from different sections in the Statement of Financial Position. The net movement of -11.9 mEUR includes mainly movement tax, leasing assets (where Nilfisk is acting as lessor) and profit from the sale of a property in Q2 2023.

Working capital bridge

	2023						2022					
			Non-cash changes						Non-cash changes			
EUR million	**January 1**	**Cash flows**	**Exchange rate adjustments**	**Provisions**	**Reclas-sifiations**	**December 31**	**January 1**	**Cash flows**	**Exchange rate adjustments**	**Provisions**	**Reclas-sifiations**	**December 31**
Inventories	220.2	-7.8	-3.3	-1.7	-6.9	200.5	220.1	5.4	5.0	-0.2	-10.1	220.2
Trade receivables	166.7	-22.3	-5.4	-0.3	-	138.7	173.9	-9.0	0.5	-0.7	2.0	166.7
Other receivables	34.7	0.5	-0.7	-	-5.6	28.9	27.4	0.1	-	-	7.2	34.7
Income tax receivable	3.8	-	-	-	-0.3	3.5	4.6	-	-	-	-0.8	3.8
Other non-current liabilities	-3.1	0.2	0.1	-	-0.7	-3.5	-5.4	2.4	-0.1	-	-	-3.1
Trade payables	-113.2	-10.5	0.2	-	-	-123.5	-135.9	22.7	-1.6	-	1.6	-113.2
Other liabilities	-96.2	-6.9	7.3	-	-1.4	-97.2	-101.5	7.6	0.4	-	-2.7	-96.2
Income tax payable	-10.8	-	-	-	3.0	-7.8	-7.5	-	-	-	-3.3	-10.8
Working capital	**202.1**	**-46.8**	**-1.8**	**-2.0**	**-11.9**	**139.6**	**175.7**	**29.2**	**4.2**	**-0.9**	**-6.1**	**202.1**
Working capital ratio (LTM)	21.6%					17.8%	15.4%					21.6%

5.2 Inventories

Composition and drivers
The Nilfisk Group manufactures products and operates in different markets. The Group's operating model, with several assembly locations and a number of distribution hubs for finished products, leads to a relatively high level of inventory.

The Nilfisk Group's entities carry inventory to support their operations. Inventory days increased from 142 to 147 by the end of December 2023.

Specification of inventories

EUR million	2023	2022
Raw materials, consumables, and goods for resale	61.6	76.9
Work in progress	0.8	1.7
Finished goods	138.1	141.6
Total	**200.5**	**220.2**

Movements in inventory write-down

EUR million	2023	2022
Write-down on inventories, January 1	10.1	9.8
Exchange rate adjustments	-0.2	0.1
Write-down on inventories for the year	3.6	2.6
Reversal/disposal of write-downs	-1.9	-2.4
Write-down on inventories, December 31	**11.6**	**10.1**

Key accounting judgments

Allocation of production overheads, such as indirect materials, wages/salaries and maintenance and depreciation of production machinery, buildings and equipment, along with costs for production administration and management, are based on relevant assumptions related to capacity utilization, production time, and other relevant factors.

Key accounting estimates

Changes in assumptions may affect gross profit margins as well as the valuation of inventories.

The write-down in inventories is based on the expected sales forecast and slow moving items.

Accounting policy

Inventories are measured at cost in accordance with the FIFO method. If the net realizable value is lower than cost, inventories are written down to this lower value.

Raw materials, consumables and goods for resale are measured at cost, comprised of purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, which includes the costs of raw materials, consumables, direct wages/ salaries, and production overheads. Production overheads include indirect materials and wages/salaries, as well as maintenance and depreciation of production machinery, buildings and equipment, along with costs for production administration and management.

The net realizable value of inventories is calculated as the sales amount less costs of completion and costs incurred in effecting the sale, and is determined taking into account marketability, obsolescence, and development in expected sales price.

5.3 Trade receivables

Trade receivables decreased by 28.0 mEUR amounting to 138.7 mEUR. The outstanding balances are being monitored closely with a continued focus on collecting receivables. The days sales outstanding was 44.4 and decreased notably compared to 49.0 in 2022.

At December 31, 2023, non-recourse factoring amounted to 33.7 mEUR compared to 21.1 mEUR end of 2022.

Specification of trade receivables

EUR million	2023	2022
Trade receivables, gross incl. VAT	145.8	173.6
Allowance for expected credit losses	-7.1	-6.9
Total	**138.7**	**166.7**

Movements in allowance for expected credit losses

EUR million	2023	2022
Allowance, January 1	6.9	6.0
Exchange rate adjustments	-0.1	0.2
Allowance losses recognized	1.2	1.9
Reversal of allowance losses	-0.6	-0.9
Realized allowance losses	-0.3	-0.3
Allowance, December 31	**7.1**	**6.9**

The following table details the risk profile of trade receivables based on the Group's provision matrix. The Group's historical credit losses do not show different patterns for different customer segments.

Specification of expected credit losses

	2023			2022		
EUR million	Trade receivables	Lifetime expected credit losses	Expected weighted average credit loss rate	Trade receivables	Lifetime expected credit losses	Expected weighted average credit loss rate
Not past due	103.0	0.1	0.1%	128.7	0.2	0.1%
Overdue < 1 months	22.1	0.1	0.5%	21.5	0.1	0.6%
Overdue 1-2 months	5.4	0.1	2.3%	8.2	0.2	2.8%
Overdue 2-4 months	4.5	0.4	10.1%	5.7	0.5	10.2%
Overdue 4-12 months	5.7	2.1	42.1%	4.8	1.8	42.2%
Overdue > 12 months	5.1	4.3	98.5%	4.7	4.1	98.2%
Total	**145.8**	**7.1**		**173.6**	**6.9**	

§ Accounting policy

Receivables are recognized initially at their transaction price and subsequently measured at amortized cost, which usually corresponds to the nominal value less lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the market in which the debtor operates. The Group recognizes a loss allowance for expected credit losses and writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The amount of write-downs is recognized in the income statement under other operating expenses. Subsequent recoveries of amounts previously written down are credited against other operating expenses.

In certain markets, the Group has entered into factoring agreements on a non-recourse basis, which involves selling trade receivables to a factor. Trade receivables subject to factoring agreements are derecognized once the criteria for derecognition have been met and all substantial risk and rewards transferred.

Prepaid expenses are measured at cost.

Key accounting estimates

The allowance for expected credit losses for trade receivables is based on historical credit loss experience combined with forward-looking information on macroeconomic factors affecting the credit risk. The expected loss rates are updated at every reporting date.

Section 6 Capital structure

This section covers the Nilfisk Group's capital structure and financial risks.

The Group's objective is to have capital resources to meet operating needs as well as capital for potential acquisitions. To achieve and maintain an efficient capital structure, the Group's financial gearing target is to ensure that the net interest-bearing debt should be between 1.5 – 2.0x EBITDA before special items.

Total committed credit facilities available to Nilfisk are 400 mEUR (2022: 400 mEUR), provided by BNP Paribas, Danske Bank A/S, HSBC Continental Europe, Nordea Danmark, a branch of Nordea Bank Abp, Finland, and Unicredit Bank Austria AG. The credit facilities are linked to our sustainability targets towards 2030.

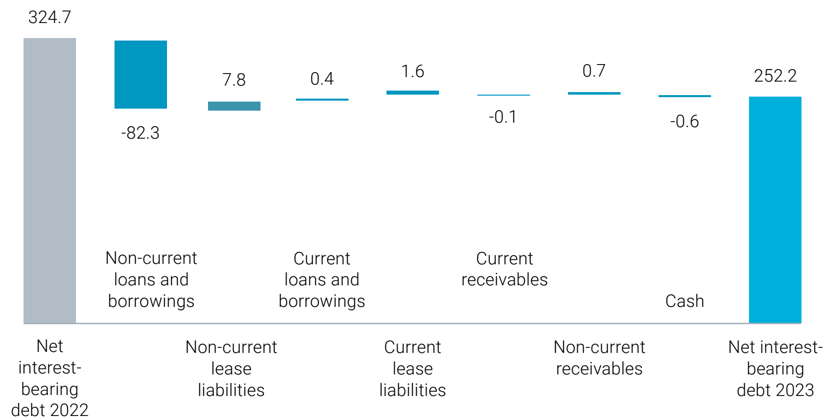
The long-term committed loans include a financial covenant with reference to the ratio between net interest-bearing debt and EBITDA. The facilities are available for general funding purposes.

Key developments in 2023
Net interest-bearing debt at December 31, 2023 was 252.2 mEUR and hence decreased by 72.5 mEUR compared to December 31, 2022, supported by the solid operating profit and the non-recourse factoring program.

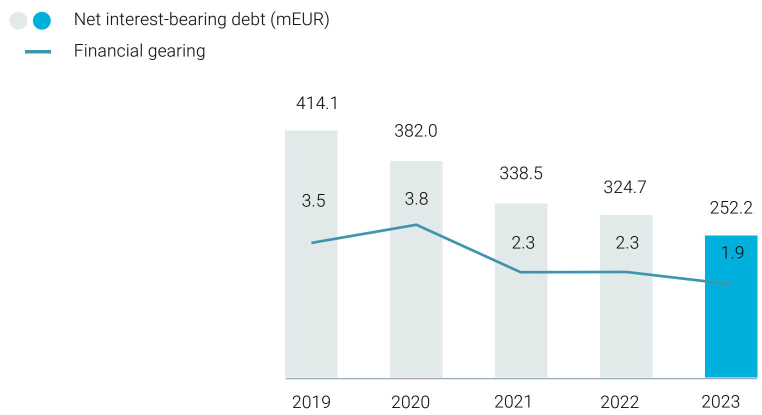
As of December 31, 2023 the net interest-bearing debt primarily consisted of short- and long-term credit facilities and cash and cash equivalents. The interest-bearing debt was denominated primarily in EUR.

The financial gearing at the end of the year was 1.9x, corresponding to a decline of 0.4x from 2022 and continued a positive trend seen over the last years.

Development interest-bearing debt (mEUR)



Net interest-bearing debt and financial gearing



6.1 Net interest-bearing debt

Specification of net interest-bearing debt

	2023					2022				
			Non-cash changes					Non-cash changes		
EUR million	**January 1**	**Cash flows**	**Exchange rate adjustments**	**Leases**	**December 31**	**January 1**	**Cash flows**	**Exchange rate adjustments**	**Leases**	**December 31**
Non-current interest-bearing loans and borrowings	288.2	-85.1	2.8	-	205.9	292.7	-4.9	0.4	-	288.2
Non-current lease liabilities	36.9	-	4.8	3.0	44.7	35.3	-	-0.2	1.8	36.9
Current interest-bearing loans and borrowings	1.7	1.7	-1.3	-	2.1	5.8	-4.1	-	-	1.7
Current lease liabilities	23.0	-26.4	-5.9	33.9	24.6	22.3	-25.2	-0.1	26.0	23.0
Interest-bearing liabilities	**349.8**	**-109.8**	**0.4**	**36.9**	**277.3**	**356.1**	**-34.2**	**0.1**	**27.8**	**349.8**
Current interest-bearing receivables	-0.4	-	-0.1	-	-0.5	-0.6	0.1	0.1	-	-0.4
Interest-bearing receivables	**-0.4**	**-**	**-0.1**	**-**	**-0.5**	**-0.6**	**0.1**	**0.1**	**-**	**-0.4**
Net liabilities from financing activities	**349.4**	**-109.8**	**0.3**	**36.9**	**276.8**	**355.5**	**-34.1**	**0.2**	**27.8**	**349.4**
Non-current interest-bearing receivables	-2.0	-	0.7	-	-1.3	-2.0	-	-	-	-2.0
Non-current interest-bearing receivables	**-2.0**	**-**	**0.7**	**-**	**-1.3**	**-2.0**	**-**	**-**	**-**	**-2.0**
Net liabilities from investing activities	**-2.0**	**-**	**0.7**	**-**	**-1.3**	**-2.0**	**-**	**-**	**-**	**-2.0**
Cash and cash equivalents	22.7	5.4	-4.8	-	23.3	15.0	8.1	-0.4	-	22.7
Net interest-bearing debt	**324.7**	**-115.2**	**5.8**	**36.9**	**252.2**	**338.5**	**-42.2**	**0.6**	**27.8**	**324.7**

§ Accounting policy

Payables to credit institutions, etc. are recognized at the amount of proceeds received at the date of borrowing, net of transaction costs paid. In subsequent periods the financial liabilities are measured at amortized costs using 'the effective interest method', the difference between the proceeds and the nominal value therefore being recognized in the income statement under financial expenses over the term of the loan.

The carrying amount of payables to credit institutions and other payables corresponds in all material respects to fair value and nominal value.

6.2 Investments in associates

Associated companies include M2H S.A., CFH Lombardia S.r.l., and Thoro Inc.

The primary activity of M2H is sale of industrial equipment and associated services to cleaning companies. Since 2000, M2H have been the "Cleaning Division" of Nilfisk in France.

The primary activity for CFM Lombardia is the design and sale of industrial vacuum cleaners for dusts, solids and liquids in Italy. CFM Lombardia is a historical distributor for Nilfisk Italy, and was created to promote Nilfisk IVS products in the north of Italy.

Thoro is a joint venture with Carnegie Robotics LLC established in 2020. The primary activity of Thoro Inc. is the development and sale of autonomous technology software and services. In 2023 the share of ownership in Thoro has been reduced to 32%.

Carrying amount of associated companies

EUR million	2023	2022
Carrying amount, January 1	33.2	29.0
Exchange rate adjustments	-0.2	1.0
Share of profit recognized in the income statement	0.8	2.0
Additions	2.6	2.5
Dividends	-1.5	-1.3
Carrying amount, December 31	**34.9**	**33.2**

Details of associated companies

	2023				2022			
	M2H	CFM Lombardia	Thoro	Total	M2H	CFM Lombardia	Thoro	Total
EUR million	France	Italy	US		France	Italy	US	
Revenue	85.2	2.5	1.0	88.7	85.1	2.5	1.8	89.4
Profit (loss) after tax	7.7	0.1	-7.5	0.3	10.0	0.1	-5.2	4.9
Non-current assets	16.2	0.2	10.6	27.0	17.6	0.1	7.9	25.6
Current assets	73.6	1.5	-	75.1	66.4	1.8	-	68.2
Total assets	89.8	1.7	10.6	102.1	84.0	1.9	7.9	93.8
Equity	62.2	0.5	10.6	73.3	61.1	0.4	7.9	69.4
Non-current liabilities	17.1	0.2	-	17.3	12.5	0.2	-	12.7
Current liabilities	10.5	1.0	-	11.5	10.4	1.3	-	11.7
Equity and liabilities	89.8	1.7	10.6	102.1	84.0	1.9	7.9	93.8
Ownership in %	49%	33%	32%		49%	33%	50%	-
Share of profit after tax	3.7	-	-2.9	0.8	4.6	-	-2.6	2.0
Share of equity	30.5	0.1	3.4	34.0	28.2	0.1	4.0	32.3
Goodwill recognized	0.9	-	-	0.9	0.9	-	-	0.9
Carrying amount	**31.4**	**0.1**	**3.4**	**34.9**	**29.1**	**0.1**	**4.0**	**33.2**
Goods sold to associated companies	20.4	0.9	-	21.3	26.5	1.0	-	27.5
Goods purchased from associated companies	-	-	0.4	0.4	-	-	1.4	1.4
Dividends received from associated companies	1.5	-	-	1.5	1.3	-	-	1.3
Receivables from associated companies	0.8	0.5	-	1.3	9.1	0.6	-	9.7

§ Accounting policy

An associated company is an entity in which the Nilfisk Group has significant influence, but not control, which in general will be when holding 20% to 50% of the voting rights. Such investments are accounted for using the equity method of accounting. The investment is adjusted by the Nilfisk Group's share of the results after tax of the associated company. The Nilfisk Group's share of the results is recognized in a separate line in the income statement. The share of results will be recognized based on the associated company's full-year outlook, with adjustment for the actual full-year result in the following year.

6.3 Financial risks and financial instruments

Risk management policy

The Nilfisk Group is exposed to and manages different financial risks through its operations, investments, and financing activities. As a matter of policy, the Nilfisk Group does not actively speculate in financial risks.

The overall objectives and policies for the Nilfisk Group's financial risk management are outlined in an internal Treasury Policy, which is approved by the Board of Directors. The general principle is that only financial risk exceeding a defined risk threshold is hedged. The risk thresholds are defined to provide the Nilfisk Group with sufficient risk protection while taking hedging costs into consideration.

The Nilfisk Group uses financial instruments to hedge exposures relating to currency, interest rate, and remuneration risks.

The financial risks are divided into:

- Interest rate risks
- Remuneration risks
- Credit risks
- Liquidity risks
- Currency risks

Interest rate risks

Interest rate risks refer to the influence of changes in market interest rates on future cash flows concerning the Nilfisk Group's net interest-bearing debt.

Nilfisk Group has entered into interest rate cap agreements and is hedging 54% of gross debt at December 31, 2023 compared to 43% in 2022.

The table to the right shows the carrying amount of interest caps at December 31 for the Nilfisk Group which are used for and fulfill the conditions for hedge accounting.

Interest caps

Effective date	Maturity date	Notional value (mEUR)	Cap strike	Carrying amount (mEUR)
2023				
June 30, 2023	June 30, 2026	75	4.00% p.a.	-0.4
June 30, 2023	June 30, 2026	75	4.00% p.a.	-0.4
Total				**-0.8**
2022				
June 30, 2021	June 30, 2023	150	0.50% p.a.	1.6
June 30, 2023	June 30, 2025	150	0.00% p.a.	9.1
Total				**10.7**

Sensitivity

The table below shows the sensitivity of profit before tax and other comprehensive income to changes in the market interest rate for Nilfisk's Group's interest-bearing liabilities.

EUR million	Change recognized in OCI	Change recognized in P&L
1%-point decrease	-0.1	2.5
2%-points decrease	-0.1	5.0
3%-points decrease	-0.2	7.6
1%-point increase	0.6	-1.2
2%-points increase	2.1	-2.2
3%-points increase	4.5	-3.2

Remuneration risks

Nilfisk has an exposure on its share-based incentive schemes (LTI programs) – equity-settled performance share programs. The exposure is the development in the price of the Nilfisk share that impacts the liquidity required to settle the equity-settled schemes by own shares.

To mitigate the risk, Nilfisk has entered into a Total Return Swap (TRS). For 2023, the interest expense amounted to 0.0 mEUR in line with 2022. Nilfisk is obligated to exercise all shares within the TRS at the date of expiration.

Total Return Swap

Shares	Maturity date	Strike price (DKK)	Notional value (mDKK)	Interest rate	Carrying amount (mEUR)
2023					
167,804	January 15, 2024	109.00	18.3	6.65%	0.2
Total					**0.2**
2022					
219,037	March 2, 2023	136.85	30.0	4.65%	0.3
Total					**0.3**

6.3 Financial risks and financial instruments – continued

Credit risks
The Nilfisk Group's credit risks relate partly to receivables and cash and cash equivalents, and partly to derivative financial instruments with positive fair values. The maximum credit risk attached to financial assets corresponds to the values recognized in the statement of financial position.

The Nilfisk Group has no material risks relating to a single customer or partner. The Nilfisk Group's policy for acceptance of credit risks entails ongoing credit rating of important customers and other partners.

Nilfisk has chosen to sell some of its trade receivables in selected European markets in non-recourse factoring agreements to expedite cash collection from groups of customers. Nilfisk does not carry any credit risk on these customers.

Insurance cover and similar measures to hedge receivables are rarely applied as this is not deemed necessary.

Liquidity risks
It is the Nilfisk Group's policy to maintain adequate cash resources for implementing planned operating activities and to be able to operate effectively in the event of unforeseen fluctuations in liquidity. The Nilfisk Group's cash resources consist of cash, cash equivalents, and undrawn credit facilities.

Liabilities due within one year do not include interest. The forward contracts are recognized at fair value and the discount element is considered insignificant due to short maturity.

Payables to credit institutions are consequently recognized in the statement of financial position at the amounts stated in the table below.

Maturity of the Nilfisk Group's liabilities

EUR million	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
2023							
Forward contracts	3.5	-	-	-	-	-	3.5
Other hedging instruments	-	-	0.8	-	-	-	0.8
Interest-bearing loans and borrowings	2.1	199.4	1.1	0.4	0.3	4.7	208.0
Lease liabilities	24.6	19.8	12.5	4.4	1.2	6.8	69.3
Trade payables	123.5	-	-	-	-	-	123.5
Other financial liabilities	93.7	1.6	0.7	0.3	0.1	-	96.4
Total	**247.4**	**220.8**	**15.1**	**5.1**	**1.6**	**11.5**	**501.5**
2022							
Forward contracts	3.4	-	-	-	-	-	3.4
Interest-bearing loans and borrowings	1.7	23.6	259.2	0.4	0.4	4.6	289.9
Lease liabilities	23.0	13.8	12.5	4.4	1.1	5.1	59.9
Trade payables	113.2	-	-	-	-	-	113.2
Other financial liabilities	92.8	1.9	0.8	0.3	0.1	-	95.9
Total	**234.1**	**39.3**	**272.5**	**5.1**	**1.6**	**9.7**	**562.3**

6.3 Financial risks and financial instruments – continued

Currency risks

With sales to more than 100 countries, the Nilfisk Group is exposed to currency risks that could have considerable impact on the income statement and statement of financial position.

Currency risks refer to the risks of losses (or opportunities for gains) resulting from changes in currency rates. Currency risks arise through transactions, financial assets, and liabilities denominated in currencies other than the functional currency of the individual Group businesses.

Translation risks relating to net investments in subsidiaries

As a basic principle, the hedging of currency risks is not performed for net assets (equity) in foreign subsidiaries. Gains and losses relating to unhedged net assets in foreign subsidiaries are accounted for directly in other comprehensive income. Currency risks relating to other investments in foreign entities are not deemed significant.

Sensitivity

The table below shows the sensitivity of the Nilfisk Group's equity, if the exchange rate decreased by 10% for the most significant currencies, excluding EUR/DKK.

EUR million	2023	2022
USD	-13.9	-13.5
CNY	-4.2	-4.1
GBP	-2.1	-2.4

Net financing

Significant currency risks relating to receivables and payables that influence the Nilfisk Group's net income are hedged. Balances with credit institutions are denominated in the functional currency of the businesses concerned.

Future cash flows

The Nilfisk Group's principal currency exposure relates to sales and purchases in currencies other than the functional currency of the individual Nilfisk Group businesses. Hedging of these currency risks is based on assessments of the likelihood of the future transaction being performed and whether the associated currency risk is significant.

Expected cash flows with significant currency risk can be hedged up to 18 months applying a rolling hedging ladder strategy. The fair value of the effective part of the hedge is recognized in other comprehensive income on a continuous basis.

The table to the right shows net outstanding forward exchange hedging contracts at December 31 for the Nilfisk Group which are used for and fulfill the conditions for hedge accounting of future transactions. Forward exchange contracts relate to hedging of product sales/purchase.

Outstanding FX hedging contracts

	2023		2022	
EUR million	Notional value[1]	Recognized in OCI	Notional value[1]	Recognized in OCI
AUD/DKK	-6.8	-0.1	-4.7	-
CNH/DKK[2]	39.1	-0.7	68.3	-0.5
GBP/DKK	-17.1	-0.2	-25.3	0.6
HUF/DKK	9.1	0.4	13.6	-0.1
NOK/DKK	-7.6	-0.2	-8.0	0.1
PLN/DKK	-9.3	-	-	-
SEK/DKK	-8.7	-0.3	-9.2	0.4
SGD/DKK	-0.6	-	-9.6	-0.2
TRY/DKK	-7.7	0.2	-7.4	-0.2
USD/DKK	-17.2	-	-19.5	0.5
CAD/USD	-13.6	-0.3	-15.4	0.6
Total	**-40.4**	**-1.2**	**-17.2**	**1.2**

[1] Forward exchange contracts with positive notional values are purchases of the relevant currency; negative notional values are sales.
[2] The Chinese yuan traded offshore (CNH) is used as a proxy when hedging the CNY currency exposure for the Group.

6.3 Financial risks and financial instruments – continued

The following table details the foreign currency forward contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items.

Foreign currency forward contract assets are presented as "Other receivables" in the statement of financial position and foreign currency forward contract liabilities are presented in "Other liabilities" in the statement of financial position.

During the year, no ineffectiveness on hedge contracts has been recognized, and the change in value used for the calculated ineffectiveness is therefore equal to the carrying amount.

Cash flow hedges		2023					2022				
		Average exchange rate		Notional value: Foreign currency	Notional value: Local currency	Carrying amount of cash flow hedges, net	Average exchange rate		Notional value: Foreign currency	Notional value: Local currency	Carrying amount of hedges, net
				(tFCY)	(tLCY)	EUR thousand			(tFCY)	(tLCY)	EUR thousand
Sell AUD	0-6 months	4.5717	AUD/DKK	-6,886 AUD	-31,479 DKK	-45.5	4.7329	AUD/DKK	-4,499 AUD	-21,293 DKK	-8.0
	7-14 months	4.5089	AUD/DKK	-4,115 AUD	-18,554 DKK	-61.9	4.7324	AUD/DKK	-2,909 AUD	-13,764 DKK	-14.5
Buy CNH	0-6 months	0.9785	CNH/DKK	192,397 CNH	188,265 DKK	-713.6	1.0554	CNH/DKK	271,290 CNH	286,315 DKK	-231.3
	7-14 months	0.9521	CNH/DKK	114,800 CNH	109,303 DKK	17.1	1.0364	CNH/DKK	230,985 CNH	239,403 DKK	-226.6
Sell GBP	0-6 months	8.5738	GBP/DKK	-9,011 GBP	-77,254 DKK	-148.2	8.7517	GBP/DKK	-13,886 GBP	-121,529 DKK	471.5
	7-14 months	8.6298	GBP/DKK	-5,893 GBP	-50,855 DKK	-37.3	8.5555	GBP/DKK	-8,552 GBP	-73,169 DKK	78.9
Sell HUF	0-6 months	0.0195	HUF/DKK	1,988,180 HUF	38,856 DKK	358.5	0.0186	HUF/DKK	2,925,473 HUF	54,409 DKK	-35.8
	7-14 months	0.0196	HUF/DKK	1,486,600 HUF	29,201 DKK	24.9	0.0186	HUF/DKK	2,514,432 HUF	46,823 DKK	-30.0
Sell NOK	0-6 months	0.6532	NOK/DKK	-51,848 NOK	-33,868 DKK	-94.9	0.7391	NOK/DKK	-47,272 NOK	-34,938 DKK	134.3
	7-14 months	0.6498	NOK/DKK	-33,532 NOK	-21,790 DKK	-79.3	0.7194	NOK/DKK	-36,849 NOK	-26,510 DKK	7.0
Sell PLN	0-6 months	1.7210	PLN/DKK	-21,200 PLN	-36,485 DKK	-3.6	-	PLN/DKK	-	-	-
	7-14 months	1.7207	PLN/DKK	-19,200 PLN	-33,037 DKK	-21.6	-	PLN/DKK	-	-	-
Sell SEK	0-6 months	0.6509	SEK/DKK	-58,937 SEK	-38,360 DKK	-189.3	0.7102	SEK/DKK	-70,119 SEK	-49,797 DKK	318.7
	7-14 months	0.6480	SEK/DKK	-37,300 SEK	-24,170 DKK	-139.6	0.6918	SEK/DKK	-32,405 SEK	-22,417 DKK	55.4
Sell SGD	0-6 months	5.2613	SGD/DKK	-848 SGD	-4,459 DKK	4.7	5.1809	SGD/DKK	-7,032 SGD	-36,432 DKK	-59.8
	7-14 months	-	SGD/DKK	-	-	-	5.1794	SGD/DKK	-6,725 SGD	-34,829 DKK	-103.2
Sell TRY	0-6 months	0.2807	TRY/DKK	-118,004 TRY	-33,119 DKK	136.9	0.4133	TRY/DKK	-81,599 TRY	-33,724 DKK	-110.6
	7-14 months	0.2405	TRY/DKK	-135,000 TRY	-32,468 DKK	15.6	0.3906	TRY/DKK	-66,956 TRY	-26,155 DKK	-134.4
Sell USD	0-6 months	6.8332	USD/DKK	-11,536 USD	-78,827 DKK	-10.7	7.079	USD/DKK	-10,644 USD	-75,351 DKK	-10.2
	7-14 months	6.8262	USD/DKK	-7,447 USD	-50,835 DKK	16.8	7.500	USD/DKK	-10,155 USD	-76,168 DKK	547.7
Sell CAD	0-6 months	0.7362	CAD/USD	-11,377 CAD	-8,376 USD	-166.0	0.7753	CAD/USD	-13,274 CAD	-10,291 USD	428.6
	7-14 months	0.7413	CAD/USD	-8,480 CAD	-6,286 USD	-99.7	0.7609	CAD/USD	-8,992 CAD	-6,842 USD	153.4
Total						**-1,236.7**					**1,231.1**

6.3 Financial risks and financial instruments – continued

The following table details the effectiveness of the hedging relationships and value adjustments reclassified from the hedging reserve to the income statement:

Hedging reserve

EUR million	2023 Currency risk	2023 Interest rate risk	2023 Total	2022 Currency risk	2022 Interest rate risk	2022 Total
Hedging reserve, January 1	1.0	8.3	9.3	3.5	0.5	4.0
Value adjustment for the year	-1.2	-1.8	-3.0	2.3	10.0	12.3
Value adjustment reclassified to cost of sales	-0.7	-	-0.7	-5.0	-	-5.0
Value adjustment reclassified to financial income and expenses	-	-9.6	-9.6	-	-	-
Value adjustment reclassified to inventory	-0.6	-	-0.6	-0.5	-	-0.5
Tax on value adjustment of hedging instruments	0.5	2.6	3.1	0.7	-2.2	-1.5
Hedging reserve, December 31	**-1.0**	**-0.5**	**-1.5**	**1.0**	**8.3**	**9.3**

Sensitivity

The sensitivity analysis demonstrates currency rate changes equal to the individual currency's historic volatility, with all other variables held constant. The impact on the income statement is due to changes in the fair value of monetary assets and liabilities including fair value hedges. The impact on other comprehensive income is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Group's exposure to foreign currency changes for all other currencies is not material. The analysis shows that for instance a 7% increase in the CNH/DKK rate will impact other comprehensive income by 2.7 mEUR.

EUR million	2023 Historic volatility	2023 Change recognized in OCI	2023 Change recognized in P&L	2022 Historic volatility	2022 Change recognized in OCI	2022 Change recognized in P&L
AUD/DKK	7%	-0.5	-	8%	-0.4	-
CNH/DKK	7%	2.7	-0.2	6%	4.3	-
GBP/DKK	6%	-1.0	-0.1	7%	-1.8	-
HUF/DKK	10%	0.9	-0.1	15%	2.0	-0.2
NOK/DKK	10%	-0.8	-0.1	10%	-0.8	-
PLN/DKK[1]	7%	-0.6	0.1	-	-	-
SEK/DKK	8%	-0.7	-0.2	7%	-0.7	-0.1
SGD/DKK	5%	-	-0.1	6%	-0.5	-0.1
TRY/DKK	28%	-2.1	-	27%	-2.0	-
USD/DKK	7%	-1.3	0.4	7%	-1.3	0.6
CAD/USD	6%	-0.9	-	8%	-1.5	-

[1] *Currencies were not hedged in 2022, and therefore sensitivity analysis for these currencies have not been prepared for 2022.*

6.3 Financial risks and financial instruments – continued

Fair values

Financial instruments measured at fair value in the statement of financial position are designated as belonging to one of the following three categories (the 'fair value hierarchy'):

Level 1: Listed prices (unadjusted) in active markets for identical assets and liabilities

Level 2: Input, other than listed prices on Level 1, which is observable for the asset or liability either directly (as prices) or indirectly (derived from prices)

Level 3: Input for the asset or liability which is not based on observable market data (non-observable input)

Financial instruments measured at fair value consist of derivative financial instruments. The fair value of the Nilfisk Group's forward transactions is measured in accordance with Level 2 as the fair value is based on official exchange rates and forward rates at the balance sheet date. The fair value of the TRS is measured in accordance with Level 2 as the fair value is based on inputs of which most are observable including the share price of Nilfisk. There are no financial instruments measured at Level 1 and 3.

Financial assets and liabilities by category

EUR million	2023	2022
Financial assets:		
Trade receivables	138.7	166.7
Interest-bearing receivables	0.5	0.4
Other financial receivables	26.8	19.3
Financial assets at amortized cost	**166.0**	**186.4**
Derivative financial instruments	1.2	14.2
Fair value through other comprehensive income	**1.2**	**14.2**
Derivative financial instruments	0.9	1.2
Fair value through profit and loss	**0.9**	**1.2**
Total	**168.1**	**201.8**
Financial liabilities:		
Interest-bearing loans and borrowings	208.0	289.9
Trade payables	123.5	113.2
Lease liabilities	69.3	59.9
Other financial liabilities	96.4	95.9
Financial liabilities at amortized cost	**497.2**	**558.9**
Derivative financial instruments	3.0	2.3
Fair value through other comprehensive income	**3.0**	**2.3**
Derivative financial instruments	1.3	1.1
Fair value through profit and loss	**1.3**	**1.1**
Total	**501.5**	**562.3**
Financial instruments, net	**-2.2**	**12.0**

6.3 Financial risks and financial instruments – continued

Accounting policy

Derivative financial instruments
Derivative financial instruments are recognized from the trade date and measured in the statement of financial position at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and liabilities, respectively. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Fair value hedges
Changes in the effective portion of the fair value of derivative financial instruments designated and qualifying as a fair value hedge of a recognized asset or a recognized liability are recognized in the income statement together with changes in the value of the hedged asset or hedged liability.

Apart from foreign currency hedging, hedge of future cash flows according to a firm commitment is treated as a fair value hedge.

The ineffective portion of the change in the fair value of a derivative financial instrument is presented under financial items.

Cash flow hedges
Changes in the effective portion of the fair value of derivative financial instruments designated and qualifying as hedges of future cash flows are recognized in other comprehensive income and accumulated in a separate hedging reserve under equity until the hedged item influences the income statement. Gains or losses relating to such hedging transactions are then transferred through other comprehensive income and recognized in the income statement in the same item as the hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income.

If the hedging instrument no longer meets the criteria for hedge accounting, the hedging relationship is discontinued prospectively. The accumulated reserve in equity remains in equity if it is still probable that the hedged cash flows will occur and is transferred through other comprehensive income to the income statement when the hedged cash flows influence the income statement.

If the hedged cash flows are no longer expected to be realized, the accumulated reserve in equity is immediately transferred to the income statement.

The ineffective portion of the change in the fair value of a derivative financial instrument is recognized immediately in the income statement and presented under financial items.

LTI program hedges
Equity-based programs
Hedge accounting cannot be applied on equity-based programs as fluctuations in the price of the Nilfisk share do not affect the income statement. Thus, changes in the fair value of derivative financial instruments hedging the liquidity risk related to the settlement of equity-settled programs are recognized in the income statement under financial items.

Other derivative financial instruments
Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized under financial items as they arise.

6.4 Share capital

The total number of shares is 27,126,369 with a nominal value of 20 DKK each. The share capital is unchanged from 2022. All shares have been fully paid up and no shares carry special rights. Nilfisk Holding A/S' Articles of Association specifies no limits in respect of ownership or voting rights, and the Executive Management Board is unaware of any agreements in this regard.

Outstanding shares

Shares	2023	2022
Number of shares at January 1	27,126,369	27,126,369
Total number of shares at December 31	**27,126,369**	**27,126,369**

Shares	2023	2022
Weighted average number of shares	27,126,369	27,126,369
Dilutive effect of outstanding shares (average)	-	-
Diluted weighted average number of shares	**27,126,369**	**27,126,369**

Earnings per share

EUR million	2023	2022
Profit for the year used for calculation of earnings per share	35.3	40.6
Dilutive effect of profit for the year	-	-
Profit for the year used for the calculation of diluted earnings per share	**35.3**	**40.6**

EUR	2023	2022
Basic earnings per share	1.30	1.50
Diluted earnings per share	1.30	1.50

Dividends

At the Annual General Meeting to be held on March 23, 2024, the Board of Directors will propose not to distribute dividends for the financial year of 2023 (2022: 0.0 mEUR).

§ Accounting policy

Dividends are recognized as a liability at the date of adoption at the Annual General Meeting (declaration date). Proposed dividend payments for the year are disclosed as a separate item under equity.

Interim dividends are recognized as a liability at the date when the decision to pay such dividends is made.

Foreign exchange reserve
The foreign exchange reserve includes exchange rate adjustments arising on translation of the financial statements of foreign entities with a currency that is not the Group's functional currency.

Hedging reserve
Hedging reserve covers:

- cash flow hedging of interest payments
- hedging of currency risk of cash flows
- hedging of LTI program

Section 7
Cash flow

This section contains notes related to cash flow

Key developments in 2023
In 2023 Nilfisk continued the strategic agenda towards sustainable growth.

During 2023, a continued focused effort was put into working capital management. Cash flow was impacted by a positive working capital inflow of 46.8 mEUR, compared to an outflow of 29.2 mEUR in 2022. The improvement was also helped by the continued non-recourse factoring program introduced in autumn of 2022.

Overall, total cash flow from operating activities improved by 61.0 mEUR in 2023 and came to 143.0 mEUR.

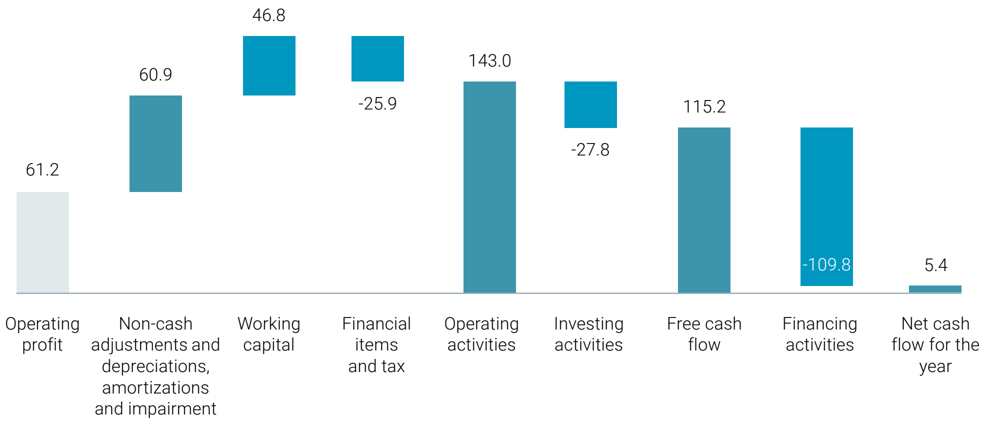
As per Business Plan 2026 Nilfisk continued investing into new product generation and upgrade of the current portfolio. Hence, investing activities amounted to a net cash outflow of 27.8 mEUR.

Free cash flow came to 115.2 mEUR. With cash outflow from financing activities amounting to 109.8 mEUR, the net cash flow for the year ended at 5.4 mEUR, bringing cash and cash equivalents end of 2023 to 23.3 mEUR.

7.1 Other non-cash adjustments

EUR million	2023	2022
Change in provisions	2.6	2.6
Other non-cash items	-3.6	-3.1
Total	**-1.0**	**-0.5**

Cash flow development 2023



Accounting policy

Cash flow from operating activities includes all cash transactions other than cash flows arising from investing and financing activities. Cash flow from operating activities is determined using the indirect method, whereby operating profit or loss is adjusted for non-cash items such as depreciations, amortization and impairment, provision, and capitalized borrowing cost. The actual payment of borrowing costs is included in cash flow from financing activities.

Cash flow from investing activities is comprised of the cash outflow related to investment in properly, plant and equipment, internal generated development and software projects, and lease payments related to right-of-use assets. Cash flow from financial assets is mainly linked to investment in associated companies with received dividends as cash inflow and new investments, increase of ownership in existing companies, or increase of loan facility as cash outflow.

Cash flow from financing activities is the net change in the long-term external financing including the use of credit facilities.

Foreign currency
Cash flows arising from transactions in a foreign currency has been recorded in the Group's functional currency by applying to the foreign currency amount the average exchange rate between the functional currency of the Group and the foreign currency at the date of the cash flow. The average exchange rate is an average of the previous month's end rate, including the end rate from December prior year.

Cash and cash equivalents
Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to a known amount of cash, and which are subject to an insignificant risk of change in value.

Section 8
Other notes

This note contains other statutory notes and notes considered less essential to the understanding of the Nilfisk Group's financial development.

8.1 Fees to auditors elected at the annual general meeting

EUR million	2023	2022
Deloitte:		
Statutory audit	1.1	1.0
Other assurance service	0.3	0.2
Total	**1.4**	**1.2**

The fee for other assurance services provided to the Group by Deloitte Statsautoriseret Revisionsselskab Denmark amounted to 0.2 mEUR in 2023 (2022: 0.1 mEUR).

8.2 Related parties

The Nilfisk Group has had the following transactions and balances with related parties:

EUR million	2023	2022
Goods sold to associated companies	21.3	27.5
Goods purchased from associated companies	0.4	1.4
Dividends received from associated companies	1.5	1.3
Receivables from associated companies	1.3	9.7

Goods were sold to associates during the year based on the price lists in force and terms that would be available to third parties.

Please refer to note 3.2 and 3.3 for remuneration to the Executive Management Board, and note 6.2 for investments in associates.

8.3 Contingent liabilities, securities, and contractual obligations

EUR million	2023	2022
Guarantees to support local bank facilities	10.9	11.6
Rental guarantees	7.2	8.0
Other guarantees	6.1	4.0
Total issued guarantees	**24.2**	**23.6**

Claims filed against Nilfisk
On September 15, 2022, a claim was filed against Nilfisk by the owner of the US Distribution Center building with respect to contractual obligations related to terminating the contract. The resulting costs may exceed the insurance coverage that has already been paid to the landlord. The case is set for bench trial starting February 26, 2024.

The Executive Management Board continues to see a high degree of uncertainty related to potential costs for this claim.

On October 15, 2022, Nilfisk's insurer filed a lawsuit in Denmark against Nilfisk with respect to the insurance payout for the tornado destruction of the US Distribution Center. During 2023 the insurer increased their claim to 19 mEUR due to further payouts.

Based on the Court's ruling, uncertainty related to potential costs for this claims will depend on whether the insurer appeals the ruling or not.

Other contingent liabilities
The Nilfisk Group is engaged in certain disputes, legal proceedings, and inquiries from authorities, including tax authorities, the outcome. In addition Nilfisk Holding A/S is liable for obligations attributable to the activities, assets, and liabilities of NKT A/S that existed at the time of demerger in 2017. None of which is expected to materially impact the Group's financial position.

§ Accounting policy

Contingent assets and liabilities
Disclosure concerning contingent assets and liabilities and when they must be recognized takes place against the background of evaluations of the expected outcome of the individual issues. These evaluations are based on legal opinions of the agreements contracted, which in significant issues also include opinions obtained from external advisors, including lawyers.

Assets are recognized when it is virtually certain that the issue will have a positive outcome for the company. A liability is recognized when it is likely that, at the balance sheet date, there will be an outflow from the Nilfisk Group's financial resources and when the liability can be reliably stated. If this is not the case, the matter is disclosed in the notes to the financial statements. Decisions relating to such situations may in future accounting periods lead to realized gains or losses that may differ significantly from the recognized amounts or disclosures.

8.4 Events after the balance sheet date

On January 26, 2024, the Court ruled in favor of Nilfisk in relation to the lawsuit filed against Nilfisk with respect to the insurance payout for the tornado destruction of the US Distribution Center. For further information, please refer to Note 8.3 Contingent liabilities, securities, and contractual obligations.

Other than as set out above, we are not aware of events subsequent to December 31, 2023 that materially affect the assessment of the consolidated financial statements.

8.5 Group companies

Denmark

Nilfisk Holding A/S	Denmark
Nilfisk A/S	Denmark
Nippon Investment Corporation ApS	Denmark

Europe

Nilfisk GmbH	Austria
Nilfisk N.V./S.A.	Belgium
Nilfisk s.r.o.	Czech Rep.
Nilfisk Oy	Finland
Nilfisk S.A.S.	France
Nilfisk-Advance Eppingen GmbH *(under liquidation)*	Germany
Nilfisk GmbH	Germany
Nilfisk Hellas Single Member S.A.	Greece
Nilfisk Production Kft.	Hungary
Nilfisk Commercial Kft.	Hungary
Nilfisk Ltd	Ireland
Nilfisk S.p.A.	Italy
Nilfisk B.V.	Netherlands
Nilfisk AS	Norway
Nilfisk Polska Sp.z.o.o.	Poland
Nilfisk Lda	Portugal
Nilfisk-Advance S.R.L.	Romania
Nilfisk s.r.o.	Slovakia
Nilfisk S.A.	Spain
Nilfisk AB	Sweden
Nilfisk AG	Switzerland
Nilfisk Profesyonel Temizlik Ekipmanlari Ticaret A.S.	Türkiye
Nilfisk Ltd.	United Kingdom
Floor Cleaning Machines Ltd.	United Kingdom

North and Central America

Nilfisk Canada Company	Canada
Nilfisk de Mexico S. de R.L. de C.V.	Mexico
Nilfisk de Mexico Manufacturing S. de R.L. de C.V.	Mexico
Nilfisk U.S Holding Inc.	US
Nilfisk Inc.	US
Nilfisk Robotics, Inc.	US
Hathaway North America Inc.	US
Hydro Tek Systems, Inc.	US
Nilfisk Pressure-Pro, LLC.	US

South America

Nilfisk S.R.L.	Argentina
Nilfisk Equipamentos de Limpeza Ltda.	Brazil
Nilfisk Chile S.p.A.	Chile
Nilfisk S.A.C.	Peru

Asia/Pacific

Nilfisk Pty. Ltd.	Australia
(Dongguan) Viper Cleaning Equipment Co. Ltd.	China
Nilfisk Cleaning Equipment (Shanghai) Co. Ltd	China
Nilfisk Professional Cleaning Equipment (Suzhou) Co. Ltd. *(under liquidation)*	China
Suzhou Nilfisk Research and Development Co. Ltd.	China
Nilfisk Ltd.	Hong Kong
Nilfisk India Private Ltd.	India
Nilfisk Inc.	Japan
Nilfisk Korea Co. Ltd.	Korea
Nilfisk Sdn Bhd	Malaysia
Nilfisk Limited	New Zealand
Nilfisk Pte. Ltd.	Singapore
Nilfisk Ltd. (Branch)	Taiwan
Nilfisk Co. Ltd.	Thailand
Nilfisk Trading LLC	UAE
Nilfisk Company Ltd.	Vietnam
Nilfisk Ltd. (Branch)	Macau

Associates

M2H S.A. (49%)	France
CFM Lombardia S.r.l. (33%)	Italy
Thoro Inc. (32%)	US

8.6 Definitions

Item	Key figures and ratios	Definition
1	Cash conversion	Cash flow from operations before financial items and income taxes as a percentage of EBITDA
2	Capital employed	Non-current assets less interest-bearing receivables, provisions, pensions, and deferred tax liabilities and working capital
3	CAPEX	Capital expenditure (investments in property, plant, and equipment and intangible assets)
4	CAPEX ratio	CAPEX as a percentage of revenue
5	Days sales outstanding	Accounts receivables (excluding VAT) minus bad debt provision divided with latest three months net sales accumulated up to twelve months and multiplied by 365
6	Diluted earnings per share	Profit (loss) attributable to shareholders of Nilfisk Holding A/S as a percentage of diluted average number of outstanding shares
7	EBITDA before special items	Earnings (profit) before interest, tax, depreciation, amortization, impairment, and special items
8	EBITDA	Earnings (profit) before interest, tax, depreciation, amortization, and impairment
9	EBITDA margin before special items	EBITDA before special items as a percentage of revenue
10	EBITDA margin	EBITDA as a percentage of revenue
11	EBIT before special items	Earnings before interest, tax, and special items (operating profit before special items)
12	EBIT	Earnings before interest and tax (operating profit)
13	EBIT margin before special items	EBIT before special items as a percentage of revenue
14	EBIT margin	EBIT as a percentage of revenue
15	Earnings per outstanding share (EPS)	Profit (loss) attributable to shareholders of Nilfisk Holding A/S relative to average number of outstanding shares
16	Equity value per outstanding share	Equity attributable to shareholders of Nilfisk Holding A/S per outstanding share at December 31
17	Financial gearing	Net interest-bearing debt divided by EBITDA before special items LTM
18	Free cash flow	Cash flow from operating activities less cash flow from investing activities
19	Free cash flow excluding acquisitions and divestments	Free cash flow plus cash flow from acquisition of businesses and less cash flow from divestment of businesses
20	Full-time equivalent (FTE)	Full-time equivalent is calculated as the number of total hours worked divided by the number of hours for a full-time work.
21	Gross margin	Gross profit as a percentage of revenue
22	Inventory days	Gross inventory divided by latest three months cost of sales excluding amortizations and service department costs accumulated up to twelve months and multiplied by 365
23	Investment ratio	Additions as a percentage of depreciations/amortizations
24	LTM	Latest twelve months
25	Net interest-bearing debt	Current and non-current interest-bearing loans and borrowings less interest-bearing receivables and cash
26	OCI	Other comprehensive income
27	Organic growth	Organic growth in local currency excluding acquisitions and divestments and foreign exchange rates
28	Overhead cost ratio	Overhead costs as a percentage of revenue
29	R&D ratio	Research and development spend as a percentage of revenue
30	Return on capital employed (RoCE)	EBIT before special items LTM as a percentage of average capital employed, calculated by taking the capital employed at December 31 and at the end of the preceding four quarters
31	Working capital	Current assets minus current and non-current liabilities (excluding interest-bearing items and provisions)
32	Working capital ratio	Average working capital LTM as a percentage of revenue

8.6 Definitions – continued

Alternative performance measures

The Group assesses its performance using a variety of alternative performance measures which are not defined under IFRS. A reconciliation from these alternative performance measures to the nearest IFRS measure is presented below.

Organic growth

Organic growth is a measure that reflects the underlying performance of the Group. It excludes the impact of acquisitions or divestments and foreign exchange movements. Below is a reconciliation from the movement in reported revenue according to IFRS to organic growth.

	2023	2022
Revenue growth (according to income statement)	-3.4%	7.5%
Foreign exchange	2.9%	-3.4%
Other	0.2%	0.8%
Organic growth	**-0.3%**	**4.9%**

EBITDA and EBITDA before special items

In addition to measuring financial performance of the Group based on operating profit, EBITDA and adjusted EBITDA figures are also used. We consider EBITDA to be a useful measure because it approximates the underlying performance by eliminating depreciations and amortizations.

EUR million	2023	2022
Operating profit (EBIT)	61.2	69.6
Depreciation, amortization, and impairment	61.9	63.7
EBITDA	**123.1**	**133.3**
Special items (excl. depreciation and impairment)	9.3	7.5
EBITDA before special items	**132.4**	**140.8**

Overhead costs

Below is a breakdown of overhead costs, as presented in the income statement. Overhead costs consist of operating expenses, depreciations, amortizations, and impairment as well as other operating income and expenses.

EUR million	2023	2022
Research and development costs	-27.5	-31.2
Sales and distribution costs	-251.7	-243.5
Administrative costs	-74.6	-70.1
Other operating income	4.7	4.5
Other operating expenses	-2.3	-2.2
Total overhead costs	**-351.4**	**-342.5**

Parent company financial statements 2023

Notes to the parent financial statements

Income statement

for the period January 1 to December 31

EUR million	Note	2023	2022
Other income	1	3.0	3.7
Administrative costs	2, 3	-5.2	-6.2
Operating loss		**-2.2**	**-2.5**
Financial expenses	4	-4.0	-1.2
Loss before income taxes		**-6.2**	**-3.7**
Income taxes	5	-0.2	1.4
Loss for the year		**-6.4**	**-2.3**
To be distributed as follows:			
Loss attributable to shareholders of Nilfisk Holding A/S	6	-6.4	-2.3
Total		**-6.4**	**-2.3**

Balance sheet

as of December 31

EUR million	Note	2023	2022
Assets			
Investments in subsidiaries	7	216.0	216.5
Deferred tax	5	1.4	1.6
Total non-current assets		**217.4**	**218.1**
Prepayments	8	0.3	0.6
Income tax receivable		0.3	0.3
Receivables from Group companies	9	3.8	18.5
Total current assets		**4.4**	**19.4**
Total assets		**221.8**	**237.5**
Equity and liabilities			
Share capital		72.9	72.9
Retained earnings		4.7	12.0
Total equity		**77.6**	**84.9**
Interest-bearing loans and borrowings		42.6	32.8
Loans from Group companies	9	100.0	117.3
Other liabilities		-	0.1
Total non-current liabilities		**142.6**	**150.2**
Trade payables and other liabilities		1.6	2.4
Total current liabilities		**1.6**	**2.4**
Total liabilities		**144.2**	**152.6**
Total equity and liabilities		**221.8**	**237.5**

Statement of changes in equity

for the years ended at December 31

EUR million	Share capital	Retained earnings	Total equity
2023			
Equity, January 1	**72.9**	**12.0**	**84.9**
Loss for the year	-	-6.4	-6.4
Exchange rate adjustments	-	-0.2	-0.2
Share option program	-	-0.7	-0.7
Total changes in equity	**-**	**-7.3**	**-7.3**
Equity, December 31	**72.9**	**4.7**	**77.6**
2022			
Equity, January 1	**72.9**	**14.4**	**87.3**
Loss for the year	-	-2.3	-2.3
Share option program	-	-0.1	-0.1
Total changes in equity	**-**	**-2.4**	**-2.4**
Equity, December 31	**72.9**	**12.0**	**84.9**

The total number of shares is 27,126,369 with a nominal value of 20 DKK each. The share capital is unchanged from 2022. All shares have been fully paid up and no shares carry special rights. Nilfisk Holding A/S' Articles of Association specifies no limits with respect to ownership or voting rights, and the Executive Management Board is unaware of any agreements in this regard.

See Section 3 of the consolidated financial statements for a description of the share option programs to the Executive Management Board. Changes in equity in 2023 are comprised of loss for the year, foreign exchange rate adjustment, and changes to the share option program. No dividends are proposed for 2023.

Note 1-8

Nilfisk Holding A/S is the parent company of the Nilfisk Group.

The parent company holds transactions related to holding of the subsidiaries, please refer to the Management review.

1. Other income

Other income comprise management fee of 3.0 mEUR (2022: 3.7 mEUR) received by Nilfisk Holding A/S.

2. Administrative costs

EUR million	2023	2022
Wages and salaries[1]	3.4	2.5
Bonus	0.5	1.0
Long-term incentive programs	-0.2	-0.1
Total staff costs	**3.7**	**3.4**
Number of full-time employees, average	2	2
Number of full time employees, year-end	2	2
Remuneration to Board of Directors	0.7	0.6
Remuneration to the Executive Management Board	3.0	3.3
Remuneration to former members of the Executive Management Board[1]	-	-0.5
Other administrative costs	2.0	2.8
Total administrative costs	**5.2**	**6.2**

[1]Includes salary and redundancy costs to former members of the Executive Management Board.

The Executive Management Board are granted short-term bonus agreements contingent upon the fulfilment of the prerequisites, goals and conditions defined in a bonus agreement and long-term incentive programs. See Section 3 Remuneration of the consolidated financial statements.

3. Fees to auditors elected at the Annual General Meeting

EUR million	2023	2022
Deloitte:		
Statutory audit	0.2	0.1
Other assurance services	-	0.1
Total	**0.2**	**0.2**

4. Financial items

EUR million	2023	2022
Foreign exchange losses	-0.2	-
Interest to Group companies	-3.8	-1.2
Total	**-4.0**	**-1.2**

5. Tax

Tax recognized in the income statement

EUR million	2023	2022
Deferred tax	0.2	0.1
Adjustment, prior years	-	-1.5
Total	**0.2**	**-1.4**
Reported tax rate	-3.4%	38.0%
Reconciliation of tax:		
Calculated tax of 22.0% (2022: 22%) on loss before income taxes	-1.4	-0.8
Tax effect of:		
Non-taxable income/non-deductible expenses	1.4	0.6
Tax assets valuation allowances	0.2	-1.2
Total	**0.2**	**-1.4**

Deferred tax assets

EUR million	2023	2022
Deferred tax assets, January 1	1.6	1.5
Exchange rate adjustments	-	-
Deferred tax recognized in the income statement	-0.2	0.1
Deferred tax assets, December 31	**1.4**	**1.6**

6. Proposed distribution of loss for the year

EUR million	2023	2022
Suggested distribution of loss for the year:		
Loss attributable to shareholders of Nilfisk Holding A/S	-6.4	-2.3
Total	**-6.4**	**-2.3**

7. Investments in subsidiaries

EUR million	2023	2022
Carrying amount, January 1	216.5	216.5
Exchange rate adjustments	-0.5	-
Carrying amount, December 31	**216.0**	**216.5**

8. Prepayments

EUR million	2023	2022
Prepayments	0.3	0.6
Total	**0.3**	**0.6**

Note 9-12

9. Related parties

Transactions with affiliated undertakings comprise the following:

EUR million	2023	2022
Non-current interest-bearing loan from Nilfisk A/S	100.0	117.3
Receivables from Group companies	3.8	18.5

Management fee of 3.0 mEUR is included in the 3.8 mEUR as a net receivable (2022: 3.7 mEUR).

Other matters of interest in relation to related parties are disclosed in Section 8 Other notes of the consolidated financial statements.

10. Major shareholders

The following shareholders holds an excess of 5% of the share capital:

EUR million	Number of shares	Share capital
KIRKBI INVEST A/S, Billund Denmark	5,493,200	20.3%
Ferd AS, Oslo, Norway	5,409,277	19.9%
PrimeStone Capital LLP, London, United Kingdom	4,618,112	17.0%

11. Contingent liabilities, securities, and contractual obligations

EUR million	2023	2022
Rental guarantees	6.3	6.5

Nilfisk Holding A/S has issued rental guarantees relating to rental contracts in subsidiaries.

Nilfisk Holding A/S and all its Danish subsidiaries are subject to mandatory joint taxation. As the ultimate parent company in the Nilfisk Group, Nilfisk Holding A/S acts as the administration company of the joint taxation scheme and consequently settles all payments of tax with the tax authorities. Joint taxation contributions to/from subsidiaries are recognized under income tax related to net profit. Tax payable and tax receivable are stated under current assets/liabilities.

Nilfisk Holding A/S is liable for obligations attributable to the activities, assets, and liabilities of NKT A/S that existed at the time of demerger in 2017, which is not expected to materially impact the Group's financial position.

12. Events after the balance sheet date

No events have occurred in the period from the balance sheet date until the presentation of the financial statements that materially affect the assessment of the financial statements of Nilfisk Holding A/S.

Accounting policies

Accounting policy

The financial statements for the parent company are included in this Annual Report in pursuance of the requirements of the Danish Financial Statements Act.

The financial statements for the parent company are prepared in accordance with the Danish Financial Statements Act for accounting class D companies.

The financial statement for the parent company covers the period from January 1 to December 31.

The Annual Report is presented in EUR million rounded with one decimal. The presentation currency is EUR as the Nilfisk Group's main business activities are EUR denominated.

Description of accounting policies
In relation to the accounting policies described for the financial statements of the Nilfisk Group (see Note 1.1 to the consolidated financial statements), the accounting policies of the parent company differ in the following:

Income from investments in subsidiaries
Dividends from investments in subsidiaries companies are recognized in the income statement of the parent company in the year the dividends are declared.

Investments in subsidiaries
Investments in subsidiaries are measured at cost. If there is indication of impairment, impairment testing is carried out. Where the carrying amount exceeds the recoverable amount it is written down to the recoverable amount.

Tax
Nilfisk Holding A/S and all its Danish subsidiaries are subject to mandatory joint taxation. As the ultimate parent company in the Nilfisk Group, Nilfisk Holding A/S acts as the administration company of the joint taxation scheme and consequently settles all payments of tax with the tax authorities. Joint taxation contributions to/from subsidiaries are recognized under income tax related to net profit. Tax payable and tax receivable are stated under current assets/ liabilities. Companies that use tax losses in other companies pay joint taxation contributions to the parent company equivalent to the tax base of the tax losses utilized. Companies whose tax losses are used by other companies receive joint taxation contributions from the parent company equivalent to the tax base of the tax losses utilized (full absorption).

Cash flow statement
The parent company has in accordance with the Danish Financial Statements Act, Section 86 (4) not prepared separate cash flow statements. Please refer to the consolidated cash flow statements.

For the following notes, see information in the consolidated financial statements:

- Remuneration – see Section 3 Remuneration
- Share capital – see Note 6.4 Share Capital

Management's statement

The Board of Directors and the Executive Management Board have today considered and approved the Annual Report of Nilfisk Holding A/S for the financial year 2023.

The consolidated financial statements are presented in accordance with IFRS Accounting Standards as adopted by the EU. The parent financial statements are presented in accordance with the Danish Financial Statements Act. Furthermore, the annual report is prepared in accordance with disclosure requirements for listed companies in Denmark.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at as well as of the results of their operations and the Group's cash flows for the financial year January 1 – December 31, 2023.

In our opinion, the management commentary is prepared in accordance with relevant laws and regulations and contains a fair review of the development of the Group's and the Parent's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements, together with a description of the principal risks and uncertainties that the Group and the Parent face.

In our opinion, the Annual Report of Nilfisk Holding A/S for the year January 1 to December 31, 2023 identified as 529900FSU45YYVLKB451-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the Annual Report be approved at the Annual General Meeting.

Copenhagen, February 15, 2024

Executive Management Board

René Svendsen-Tune
President & CEO

Reinhard Josef Mayer
CFO

Board of Directors

Göran Peter Nilsson
Chair

Bengt Anders Lennart Thorsson

Are Dragesund

Viveka Marianne Ekberg

Franck Falezan

Ole Kristian Jødahl

Jutta af Rosenborg

René Svendsen-Tune

Gerner Raj Andersen

Claus Dalmose

Nadia Roya Damiri

Marcus Faber Kappendrup

Independent auditor's report

To the shareholders of Nilfisk Holding A/S

Report on the consolidated financial statements and the parent financial statements

Opinion

We have audited the consolidated financial statements and the parent financial statements of Nilfisk Holding A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, statement of financial position, statement of changes in equity and notes, including material accounting policy information, for the Group as well as the Parent, and the statement of comprehensive income and the cash flow statement of the Group. The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31.12.2023, and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

Furthermore, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31.12.2023, and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of Nilfisk Holding A/S for the first time on 12.10.2017 for the financial year 2017. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of 7 years up to and including the financial year 2023.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 01.01.2023 - 31.12.2023. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of development projects in progress

Management conducts quarterly impairment tests to determine whether the carrying amounts of recognised development projects in progress are considered to be impaired and, hence, should be written down to the recoverable amount. Management determines the recoverable amount of development projects using a discounted cash flow model (value in use).

Key assumptions used in the impairment test are estimated revenue, estimated margin, and the applied discount rate.

The audit of the recoverable amount has been considered a key audit matter as the determination of the recoverable value is associated with significant estimation uncertainty.

Reference is made to note 4.2 and note 4.3 to the financial statements and the accounting policies.

How the matter was addressed in our audit

We have assessed the appropriateness of valuation of development projects in progress based on the quarterly impairment tests as well as the key assumptions used in the impairment tests and the consistency thereof with the Group's accounting policies. In this context, we

- updated our understanding of Management's procedures for identifying impairment indicators and preparing impairment tests, including budget and business cases
- tested relevant internal controls related to identification and evaluation of impairment needs
- assessed the appropriateness of models and the key assumptions applied by Management to calculate the values in use and performed recalculation
- tested the assumptions applied for sensitivity and consistency as well as internal and external documentation that supports the key assumptions
- assessed adequacy and appropriateness of the disclosures; Note 4.2 Impairment test and Note 4.3 Intangible Assets in the financial statements and compliance with the IFRS requirements

Statement on the management review
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by the Danish Financial Statements Act and article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation).

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the information required by the Danish Financial Statements Act and article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation). We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements
Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act as well as the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 override of internal control.
- Obtain 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 Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent'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 consolidated financial statements and the parent 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. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide those charged with governance 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, safeguards put in place and measures taken to eliminate threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent 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.

Report on compliance with the ESEF Regulation

As part of our audit of the consolidated financial statements and the parent financial statements of Nilfisk Holding A/S we performed procedures to express an opinion on whether the annual report for the financial year 01.01.2023 -31.12.2023, with the file name , is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited consolidated financial statements.

In our opinion, the annual report of Nilfisk Holding A/S for the financial year 01.01.2023 - 31.12.2023, with the file name 529900FSU45YYVLKB451-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, February 15, 2024

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Kirsten Aaskov Mikkelsen
State-Authorised Public Accountant
Identification No (MNE) mne21358

Nilfisk's Annual Report 2023 was published on February 15, 2024.
The report is also available at www.nilfisk.com.

Nilfisk Holding A/S, Marmorvej 8, 2100 Copenhagen Ø, Denmark.
Company reg. No. 38 99 88 70

Investor Relations contact IR@nilfisk.com