



NILFISK INTERIM REPORT

Q2 Interim Report 2021

Company Announcement No.21/2021

Financial highlights

257.8 mEUR

Revenue

Up 66.7 mEUR from Q2 2020 driven by a substantially higher order intake across regions

38.5%

Organic growth in total business

Strong performance in both the branded professional and Consumer business

42.8%

Organic growth in branded professional business

Strong demand and order intake across regions, with strong performance in Europe and Americas

40.9%

Gross margin

Improved by 1.0 percentage point compared to Q2 2020 driven by positive effect of increased capacity utilization

41.9 mEUR

EBITDA before special items

More than doubled compared to Q2 2020 due to higher revenue, better gross margin, and lower overhead ratio

16.3%

EBITDA margin before special items

Up by 5.8 percentage points compared to Q2 2020 due to strong revenue and cost performance



Financial highlights

- Strong demand in the quarter with organic growth of 38.5% in the total business following organic growth of 11.9% in Q1. The revenue was 257.8 mEUR driven by substantially higher order intake. Most regions and segments contributed to the strong performance. This growth is the result of a broad-based market recovery combined with the successful activation of several business initiatives
- The branded professional business posted organic growth of 42.8% and was the major driver of the Group's sales uplift in the quarter. Our business initiatives had the strongest impact in Europe and Americas
- Europe posted organic growth of 46.0% with positive performance across markets, driven by higher demand levels, and increased activity within large accounts, including a large order of autonomous cleaning machines for a leading retailer. In Americas, organic growth was 40.4%, mainly driven by strong order intake in the US as a result of a broadened distribution and growth within Strategic Accounts
- The Consumer business continued its positive development, posting organic growth of 7.1% after strong growth of 34.0% in Q1 and on top of its 21.1% growth in Q2 2020. Growth in the Consumer business has benefitted from our renewed focus on this business and the successful launch of an innovative high pressure washer range. Consumer demand is still partially fueled by higher spending for home improvement products during the pandemic
- Along the same lines as Consumer, our Private Label customers experienced high demand for their products. As a result, our Private Label business posted strong organic growth of 46.6% in the quarter, following the 28.7% growth in Q1
- Driven by the positive effect of high volume and increased capacity utilization, our gross margin improved by 1.0 percentage point compared to Q2 2020, reaching 40.9% and compensating for the negative impact of higher logistics and raw materials costs
- Due to substantially higher sales in Q2 2021, the overhead cost ratio improved by 7.7 percentage points compared to Q2 2020. As a result of prudent cost management, overhead costs increased by 5.6 mEUR despite significantly higher business activity during the quarter
- Due to higher revenue, better gross margin and lower overhead ratio, EBITDA before special items more than doubled in Q2 2021 compared to Q2 2020 and reached 41.9 mEUR, leading to an EBITDA margin of 16.3%. This corresponds to an increase of 21.8 mEUR versus Q2 2020 and an EBITDA margin improvement of 5.8 percentage points
- With the substantially higher business activity, working capital grew by 9.2 mEUR. However, due to continued prudent working capital management, the working capital ratio improved to 16.0% compared to 21% in Q2 2020
- Free cash flow amounted to 19.2 mEUR, versus 9.2 mEUR in Q1 2021. Net interest-bearing debt was reduced at the end of the period by 46.5 mEUR compared to end Q2 2020 and reached 359.9 mEUR
- The interim consolidated financial statements are in line with the preliminary numbers provided in the Trading Update announced on July 13, 2021 (Announcement 20/2021)

Outlook

- On July 13, 2021, in announcement 20/2021 we adjusted our outlook for the full year 2021. Organic growth was adjusted upwards to 12% to 16% (previously 8% to 12%) as a result of continuing positive trading conditions, strong execution of our initiatives in key markets, and improved visibility for the second half of the year. EBITDA margin before special items was maintained in the range of 13% to 15%. We maintain this outlook. We expect full-year organic growth and EBITDA margin before special items to materialize in the upper end of the range



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Financial highlights for the Group

EUR million	Q2 2021	Q2 2020	H1 2021	H1 2020	Year 2020
Income statement					
Revenue	257.8	191.1	495.1	410.2	832.9
EBITDA before special items ¹	41.9	20.1	78.3	44.1	100.5
EBITDA ¹	38.2	12.0	74.4	35.5	90.6
Operating profit before special items ¹	27.2	3.7	48.6	11.0	32.9
Operating profit/loss ¹	23.5	-5.0	44.7	1.7	22.1
Special items, net	-3.7	-8.7	-3.9	-9.3	-10.8
Financial items, net	-2.6	-1.1	-5.7	-6.1	-14.7
Profit/loss for the period	17.5	-4.4	28.4	-2.5	-2.6
Cash flow statement					
Cash flow from operating activities	22.8	33.8	34.7	41.5	89.5
Cash flow from investing activities	-3.6	-3.5	-6.3	-9.0	-16.0
– hereof investments in property, plant and equipment	-1.0	-1.0	-1.9	-2.2	-5.4
Free cash flow excluding acquisitions and divestments	19.2	30.3	28.4	32.5	73.5
Statement of financial position					
Total assets			828.7	801.4	763.5
Group equity			171.3	150.0	134.8
Working capital			154.3	145.1	131.6
Net interest-bearing debt			359.9	406.4	382.0
Capital employed			531.2	556.4	516.8
Financial ratios and employees					
Organic growth	38.5%	-24.9%	24.3%	-17.8%	-11.5%
Organic growth Nilfisk branded professional business	42.8%	-29.4%	24.0%	-20.3%	-13.7%
Gross margin	40.9%	39.9%	41.2%	41.5%	41.6%
EBITDA margin before special items ¹	16.3%	10.5%	15.8%	10.8%	12.1%
EBITDA margin ¹	14.8%	6.3%	15.0%	8.7%	10.9%
Operating profit margin before special items ¹	10.6%	1.9%	9.8%	2.7%	4.0%
Operating profit margin ¹	9.1%	-2.6%	9.0%	0.4%	2.7%
Financial gearing			2.7	4.3	3.8
Financial gearing excluding IFRS 16 impact			2.7	4.8	4.3
Overhead costs ratio ¹	30.3%	38.0%	31.4%	38.8%	37.7%
Working capital ratio			16.0%	21.0%	18.8%
Return on Capital Employed (RoCE)			13.2%	4.7%	5.9%
Basic earnings per share (EUR)	0.65	-0.16	1.05	-0.09	-0.10
Diluted earnings per share (EUR)	0.65	-0.16	1.05	-0.09	-0.10
Number of full-time employees, end of period			4,718	4,243	4,339

¹ See note 1 for changes made in presentation to the income statement. Q2 2020 figures have been restated

Business update

Strong demand across regions and segments

The strong performance in the second quarter of 2021 was driven by the successful activation of several business initiatives, including our focus on growing with Strategic Accounts, and better access to customers. Combined with a continuing positive development in the overall economy across regions as authorities and governments progressively have eased the COVID-19 restrictions, we have experienced sustained high order intake across geographies and a continued strong demand, leading to a healthy growth profile in the various customer segments.

Europe and Americas in particular delivered a very solid performance with organic growth slightly above pre-pandemic levels. The Consumer business maintained the positive development, that began already in Q2 2020, as consumers spend more on home improvement products as a result of the pandemic and restrictions. This consumer trend is continuing, but this quarter the Consumer business is especially benefitted from our renewed focus on the business and a successful launch of the innovative high pressure washer range – the Core series.

Like many other companies around the world, we have been impacted by the global supply chain constraints, leading to shortages of components and substantially higher material and freight costs. Throughout the quarter we have worked around the challenge on a strategic level across functions to continuously serve all our customers.

Increased attention to cleaning across segments

The pandemic has reinforced the importance of clean and healthy environments, and Nilfisk is now seeing the impact of that changed perception and awareness of cleaning in our demand. Our customers from across segments are highlighting the need for more frequent, thorough, and efficient cleaning, and they consider it business critical. There is an increased need for equipment as well as structured and flexible cleaning processes and tools to demonstrate cleaning levels and compliance. Our branded professional business is now benefitting from this demand.



Strong demand in the quarter with organic revenue growth of 38.5% and sustained strong order intake

Revenue

In the second quarter of 2021, revenue for the branded professional business came to 215.6 mEUR (Q2 2020: 155.8 mEUR) corresponding to organic growth of 42.8%.

All regions and segments contributed to the strong performance. This growth is the result of a broad-based market recovery combined with the successful activation of several business initiatives. The strongest impact of these initiatives was seen in Europe and in Americas.

Organic growth	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Europe	46.0%	-29.1%	23.1%	-18.1%	-11.6%
Americas	40.4%	-28.1%	25.3%	-20.7%	-12.4%
APAC	35.0%	-36.0%	24.9%	-30.7%	-28.0%
Nilfisk branded professional business	42.8%	-29.4%	24.0%	-20.3%	-13.7%
Consumer	7.1%	21.1%	19.6%	9.9%	15.7%
Private label and other	46.6%	-18.5%	37.1%	-20.3%	-11.3%
Total	38.5%	-24.9%	24.3%	-17.8%	-11.5%

In Europe, revenue in Q2 amounted to 119.5 mEUR (Q2 2020: 82.2 mEUR) corresponding to organic growth of 46.0%. Positive performance across markets in Europe was helped by higher demand levels, and an increased activity within large accounts, including a large order of autonomous cleaning machines for a leading retailer.

We experienced a healthy recovery in the north of Europe and Central Europe across all relevant geographies as COVID-19 restrictions were progressively lifted. Germany experienced strong growth and good demand in the industrial segment but did not come back to pre-pandemic levels of business activity in every customer segment. In Southern Europe, we saw an outstanding performance in the quarter

that was well ahead pre-pandemic levels of business activity, due to increased access to our customers and elevated activity in large accounts.

In Americas, revenue in Q2 amounted to 75.7 mEUR (Q2 2020: 58.3 mEUR) corresponding to organic growth of 40.4%. The growth was mainly driven by strong order intake in the US as a result of our increased focus on Strategic Accounts. In Canada and the Latin American markets, performance was also positive.

In APAC, revenue in Q2 amounted to 20.4 mEUR (Q2 2020: 15.3 mEUR) corresponding to organic growth of 35.0%. China and the Southeast Asian countries delivered strong organic growth over the prior year, but activity remains below pre-pandemic levels particularly due to our high exposure to the hospitality segment in most of these markets. We saw sustained good performance in the Pacific region, covering Australia and New Zealand.

For the first six months of 2021, revenue in the branded professional business amounted to 409.2 mEUR (H1 2020: 341.6 mEUR) corresponding to organic growth of 24.0%.

The Consumer business continued a sustained strong performance as seen in the previous quarters. Revenue for the Consumer business in Q2 amounted to 26.3 mEUR corresponding to organic growth of 7.1%. Growth in the Consumer business benefitted from our renewed focus on this business and the successful launch of an innovative high pressure washer consumer range – the Core series. The comparable quarter in 2020 was already experiencing a positive impact related to the COVID-19 restrictions, as consumer demand is partially fueled by higher spending for home improvement products impacted by the pandemic.

Private Label business revenue amounted to 15.9 mEUR (Q2 2020: 10.8 mEUR) corresponding to organic growth of 46.6% due to high demand from key customers, which led to significant orders of products.

For the total business, revenue in Q2 came to 257.8 mEUR (Q2 2020: 191.1 mEUR), corresponding to organic growth of 38.5%. Foreign exchange rates had an impact of -3.4% on total reported growth mainly due to a lower USD rate compared to Q2 2020. As a result, total reported growth in Q2 2021 was 34.9%.

Revenue growth	Q2 2021	H1 2021
Organic	38.5%	24.3%
Foreign exchange rates	-3.4%	-3.5%
Other	-0.2%	-0.1%
Total growth	34.9%	20.7%

For the first six months of 2021, revenue for the total business came to 495.1 mEUR (H1 2020: 410.2 mEUR) corresponding to organic growth of 24.3%. Foreign exchange rates had an impact of -3.5% on total reported growth mainly due to a lower USD rate compared to H1 2020. As a result, total reported growth in H1 2021 was 20.7%.

Gross margin

The gross margin was 40.9% in Q2, compared to 39.9% in Q2 2020. The decline in revenue in the 2020 quarter significantly depressed margins. In Q2 2021 the positive effect of high volume and increased capacity utilization led to an improved gross margin despite the in particular negative impact from exceptionally high freight rates and higher raw materials costs.

For the first six months of 2021 gross margin was 41.2%, which is below 41.5% in H1 2020. The positive effect of increased capacity utilization was offset by exceptionally high freight rates, higher raw materials costs, and other effects.

Overhead costs and ratio

Substantially higher sales in Q2 2021 improved the overhead cost ratio by 7.7 percentage points compared to Q2 2020 from 38.0% to 30.3% in Q2 2021. Due to significant higher business activity during the quarter, overhead costs grew by 5.6 mEUR compared to Q2 2020 and came to 78.2 mEUR as a result of prudent cost management. Activity-related costs like travel and marketing were still at an unsustainably low level during the quarter.

Total R&D spend in Q2 increased by 0.4 mEUR compared to Q2 2020 and came to 6.1 mEUR, corresponding to 2.4% of revenue compared to 3.0% in Q2 2020. We keep investing in our strategic R&D projects. Out of the total spend of 6.1 mEUR, 3.7 mEUR was recognized as an expense in the income statement (Q2 2020: 3.8 mEUR) while 2.4 mEUR was capitalized (Q2 2020: 1.9 mEUR). In addition to expensed costs, total reported R&D costs for Q2 2021 of 6.6 mEUR (Q2 2020: 7.7 mEUR) also includes amortization, depreciation, and impairment of 2.9 mEUR (Q2 2020: 3.9 mEUR).

Research and development costs	Q2 2021	Q2 2020	H1 2021	H1 2020
Total R&D spend	6.1	5.7	11.4	12.1
Capitalized	2.4	1.9	4.1	4.4
Expensed in the P&L	3.7	3.8	7.3	7.7
R&D ratio (% of revenue)	2.4%	3.0%	2.3%	2.9%
Expensed R&D spend	3.7	3.8	7.3	7.7
Amortization, depreciation, and impairment	2.9	3.9	6.0	7.7
Total R&D expenses	6.6	7.7	13.3	15.4

In line with the increase in business activity in the quarter, sales and distribution costs increased by 3.3 mEUR to 56.7 mEUR, and administration costs increased by 2.2 mEUR to 16.2 mEUR.

For the first six months of 2021, total overhead costs amounted to 155.5 mEUR, which is a reduction of 3.6 mEUR compared to the year before. This was partly due to a lower cost base in the first six months of 2021 from the restructuring program carried out in the first half of 2020.

EBITDA and EBITDA margin

EBITDA before special items increased by 21.8 mEUR compared to Q2 2020 and came to 41.9 mEUR in the quarter, which corresponds to an EBITDA margin before special items of 16.3% compared to 10.5% in Q2 2020. The higher revenue, better gross margin, and lower overhead ratio contributed to the increase of the EBITDA margin before special items.

EBITDA amounted to 38.2 mEUR compared to 12.0 mEUR in Q2 2020. The EBITDA margin improved to 14.8% compared to 6.3% in Q2 2020 due to lower special items on top of the previously mentioned effects.

For the first six months of 2021, EBITDA before special items amounted to 78.3 mEUR compared to 44.1 mEUR in H1 2020. The result corresponds to an EBITDA margin before special items of 15.8%, which is 5.0 percentage points higher than same period last year due to the higher revenue in the period and lower overhead costs.

EBITDA for the first six months of 2021 amounted to 74.4 mEUR (H1 2020: 35.5 mEUR) corresponding to an EBITDA margin of 15.0% (H1 2020: 8.7%).

Operating profit before special items and operating profit

Operating profit before special items amounted to 27.2 mEUR compared to 3.7 mEUR Q2 2020. This corresponds to an operating profit margin before special items of 10.6% compared to 1.9% in Q2 2020.

Operating profit amounted to 23.5 mEUR compared to -5.0 mEUR in Q2 2020. This corresponds to an operating profit margin of 9.1% compared to -2.6% in Q2 2020.

For the first six months of 2021, operating profit before special items amounted to 48.6 mEUR compared to 11.0 mEUR H1 2020. This corresponds to an operating profit margin before special items of 9.8% compared to 2.7% in H1 2020. Operating profit amounted to 44.7 mEUR compared to 1.7 mEUR in H1 2020. This corresponds to an operating profit margin of 9.0% compared to 0.4% in H1 2020.

Special items

Special items amounted to 3.7 mEUR compared to 8.7 mEUR in Q2 2020. The special items mainly relate to business restructuring and cost in connection with the leadership changes announced on May 6, 2021. Details on special items are described in Note 6.

For the first six months of 2021, special items amounted to 3.9 mEUR compared to 9.3 mEUR in H1 2020. The first six months of 2020 was impacted by redundancy costs associated with the global restructuring plan carried out in 2020.

Share of profit from associates

Share of profit from associates amounted to 1.5 mEUR compared to 0.9 mEUR Q2 2020 related to higher earnings at company M2H S.A.

For the first six months of 2021, share of profit from associates amounted to 1.5 mEUR compared to 1.8 mEUR in H1 2020.

Financial items

Net financial items amounted to -2.6 mEUR, compared to -1.1 mEUR in Q2 2020, driven by lower foreign exchange gains and higher fees related to committed credit facilities.

For the first six months of 2021, net financial items amounted to -5.7 mEUR, compared to -6.1 mEUR in H1 2020.

Tax on profit/loss for the period

Tax on profit/loss amounted to -4.9 mEUR compared to 0.8 mEUR in Q2 2020, driven by the higher profit before income taxes.

For the first six months of 2021, tax on profit/loss amounted to -12.1 mEUR compared to 0.1 mEUR in H1 2020.

Profit/loss for the period

Profit/loss for the period amounted to 17.5 mEUR compared to -4.4 mEUR in Q2 2020. Higher operating profit led to a higher net profit for the period compared to Q2 2020.

For the first six months of 2021, profit/loss for the period amounted to 28.4 mEUR compared to -2.5 mEUR in H1 2020.

Working capital

As a result of substantially higher business activity, working capital as of June 30, 2021, was 154.3 mEUR, up by 9.2 mEUR compared to Q2 2020 and by 22.7 mEUR compared to year-end 2020. Compared to Q2 2020 the increase was driven by a general increase in operating working capital - inventory, trade receivables, and trade payables. The positive development in demand seen in the first six months of 2021 has led to increased trade receivables of 41.2 mEUR driven by an increase in revenue, especially in Europe and Americas. Inventories increased by 22.4 mEUR, a development also driven by increased demand and the need to adjust inventories to match. Trade payables increased by 43.0 mEUR as a result of the higher inventories. Other current liabilities increased by 9.0 mEUR primarily related to postponed VAT payments and severance costs.

Compared to year-end 2020, the increase in working capital of 22.7 mEUR was driven by the adjustment of inventory levels as well as other current liabilities.

Thanks to continued prudent working capital management, the working capital ratio improved to 16.0% at the end of Q2 2021 compared to 21.0% in Q2 2020.

Capital employed and RoCE

As of June 30, 2021, capital employed amounted to 531.2 mEUR, down by 25.2 mEUR compared to Q2 2020 and up by 14.4 mEUR compared to 516.8 mEUR at the end of 2020. The development in capital employed since Q2 2020 was largely due to the above-mentioned development in working capital.

Nilfisk's return on capital employed (RoCE) was 13.2%. This was up 8.5 percentage points from Q2 2020 and 7.3 percentage points compared to end of 2020 driven by the above.

Cash flow

Cash flow from operating activities for Q2 2021 amounted to 22.8 mEUR compared to 33.8 mEUR in Q2 2020. The decline compared to Q2 2020 was a result of cash being tied up in working capital

exceeding the positive development in operating profit during Q2 2021. Cash flow from investing activities for Q2 2021 was with -3.6 mEUR at the same level as Q2 2020. As a result, free cash flow for Q2 2021 amounted to 19.2 mEUR compared to 30.3 mEUR in Q2 2020.

For the first six months of 2021 cash flow from operating activities amounted to 34.7 mEUR corresponding to a decline of 6.8 mEUR compared to the first six months of 2020 due to the change in working capital described above.

Cash flow from investing activities amounted to -6.3 mEUR compared to -9.0 mEUR in the same period of 2020. For the first six months of 2021 free cash flow was 28.4 mEUR compared to 32.5 mEUR for the same period of 2020.

Equity

Equity was 171.3 mEUR at the end of Q2 2021 against 134.8 mEUR at the end of 2020. The increase was related to the reported profit for the first six months of 2021 and foreign exchange rate gain adjustments.

Net interest-bearing debt

At the end of Q2 2021, total net interest-bearing debt was 359.9 mEUR, down by 22.1 mEUR against end of 2020 as a result of a positive operating profit. Compared to the end of Q2 2020, net interest-bearing debt was down by 46.5 mEUR.

The financial gearing excluding the effect of IFRS 16 at the end of Q2 2021 was 2.7 versus 4.3 at the end of 2020 and 4.8 at the end of Q2 2020.

Subsequent events

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to June 30, 2021, that are expected to have a material impact on the Group's financial position.

Outlook

2021 outlook			
	Guidance July 13, 2021 (maintained)	Guidance May 6, 2021	Guidance March 3, 2021
Organic growth for the total business	12% to 16%	8% to 12%	5% to 10%
EBITDA margin before special items	13% to 15%	13% to 15%	12,5% to 14,5%

On July 13, 2021 in announcement 20/2021 we adjusted our outlook for the full year 2021.

As a result of continuing positive trading conditions, underpinned by the overall economic recovery, strong execution of our initiatives in key markets, and the increased demand for cleaning solutions, the visibility on business activity for the second half of the year has improved. Organic growth was hence adjusted upwards to 12% to 16% (previously 8% to 12%)

We also recognize the ongoing impact of supply chain constraints affecting almost every industry all over the world, with substantially higher material and freight costs. As a result, we maintained our outlook for EBITDA margin before special items in the range of 13% to 15%.

We maintain our outlook as announced on July 13, 2021. We expect full-year organic growth and EBITDA margin before special items to materialize in the upper end of the range.

Condensed income statement

For the period ended June 30

EUR million	Note	Q2 2021	Q2 2020	H1 2021	H1 2020
Revenue	4, 5	257.8	191.1	495.1	410.2
Cost of sales	8	-152.4	-114.8	-291.0	-240.1
Gross profit	8	105.4	76.3	204.1	170.1
Research and development costs	8	-6.6	-7.7	-13.3	-15.4
Sales and distribution costs	8	-56.7	-53.4	-112.4	-113.1
Administrative costs	8	-16.2	-14.0	-31.3	-32.4
Other operating income*		2.0	3.1	2.4	3.4
Other operating expenses		-0.7	-0.6	-0.9	-1.6
Operating profit before special items		27.2	3.7	48.6	11.0
Special items, net	6	-3.7	-8.7	-3.9	-9.3
Operating profit/loss		23.5	-5.0	44.7	1.7
Share of profit from associates		1.5	0.9	1.5	1.8
Financial income		0.7	0.3	1.3	0.5
Financial expenses		-3.3	-1.4	-7.0	-6.6
Profit/loss before income taxes		22.4	-5.2	40.5	-2.6
Tax on profit/loss for the period		-4.9	0.8	-12.1	0.1
Profit/loss for the period		17.5	-4.4	28.4	-2.5
<i>To be distributed as follows:</i>					
Profit/loss attributable to shareholders of Nilfisk Holding A/S		17.5	-4.4	28.4	-2.5
Total		17.5	-4.4	28.4	-2.5
Earnings/loss per share (based on 27,126,369 shares issued)					
Basic earnings/loss per share (EUR)		0.65	-0.16	1.05	-0.09
Diluted earnings/loss per share (EUR)		0.65	-0.16	1.05	-0.09

* Other operating income includes 0.1 mEUR in Q2 2021 (Q2 2020: 2.9 mEUR) and 0.2 mEUR in H1 2021 (H1 2020: 3.0 mEUR) from government grants related to COVID-19 support

Condensed statement of comprehensive income

For the period ended June 30

EUR million	Note	Q2 2021	Q2 2020	H1 2021	H1 2020
Profit/loss for the period		17.5	-4.4	28.4	-2.5
Other comprehensive income					
<i>Items that may be reclassified to the income statement:</i>					
Exchange rate adjustments of subsidiaries		-2.0	-3.8	6.6	-6.2
<i>Value adjustment of hedging instruments:</i>					
Value adjustment for the period		-0.4	-2.2	1.4	1.4
Transferred to cost of sales		-	-0.2	-	-
Transferred to cost of financial income and expenses		0.4	-	0.4	-0.6
Tax on value adjustment of hedging instruments		-	0.6	-0.3	-0.3
<i>Items that may not be reclassified to income statement:</i>					
Value adjustment of hedging instruments transferred to inventory		-0.2	0.2	-0.4	-
Comprehensive income for the period		15.3	-9.8	36.1	-8.2
<i>To be distributed as follows:</i>					
Comprehensive income attributable to shareholders of Nilfisk Holding A/S		15.3	-9.8	36.1	-8.2
Total		15.3	-9.8	36.1	-8.2

Condensed statement of financial position

EUR million	Note	June 30 2021	June 30 2020	December 31 2020
Assets				
Goodwill		167.3	168.3	166.0
Trademarks		7.6	8.8	7.8
Customer related assets		5.6	7.4	6.1
Development projects completed		21.1	36.5	24.8
Software, know-how, patents and competition clauses		26.7	31.6	30.6
Development projects and software in progress		24.1	26.8	21.4
Total intangible assets		252.4	279.4	256.7
Land and buildings		8.1	8.1	7.9
Plant and machinery		3.3	3.8	3.4
Tools and equipment		29.2	32.1	29.4
Assets under construction incl. prepayments		2.7	2.9	3.1
Right-of-use assets		59.9	64.7	65.2
Total property, plant and equipment		103.2	111.6	109.0
Investments in associates		31.1	23.3	29.3
Interest-bearing receivables		1.3	-	1.2
Other investments and receivables		2.9	3.2	3.1
Deferred tax		19.3	28.9	20.5
Total other non-current assets		54.6	55.4	54.1
Total non-current assets		410.2	446.4	419.8
Inventories		175.4	153.0	149.3
Trade receivables		197.1	155.9	154.2
Interest-bearing receivables		3.0	4.1	3.0
Income tax receivable		6.5	7.5	5.0
Other receivables	7	24.8	20.6	19.1
Cash at bank and in hand		11.7	13.9	13.1
Total current assets		418.5	355.0	343.7
Total assets		828.7	801.4	763.5

EUR million	Note	June 30 2021	June 30 2020	December 31 2020
Equity and liabilities				
Share capital		72.9	72.9	72.9
Reserves		-8.1	-1.8	-15.8
Retained earnings		106.5	78.9	77.7
Total equity		171.3	150.0	134.8
Deferred tax		5.9	8.3	6.9
Pension liabilities		7.0	6.0	7.1
Provisions		1.9	1.4	2.0
Interest-bearing loans and borrowings		307.6	238.6	227.3
Lease liabilities		39.5	43.3	44.3
Other liabilities		1.7	0.3	1.3
Total non-current liabilities		363.6	297.9	288.9
Interest-bearing loans and borrowings		7.2	119.4	105.2
Lease liabilities		21.6	23.0	22.5
Trade payables		124.9	81.9	99.9
Income tax payable		11.1	6.6	1.2
Other liabilities	7	111.8	102.8	93.6
Provisions		17.2	19.8	17.4
Total current liabilities		293.8	353.5	339.8
Total liabilities		657.4	651.4	628.7
Total equity and liabilities		828.7	801.4	763.5

Condensed cash flow statement

For the period ended June 30

EUR million	Note	Q2 2021	Q2 2020	H1 2021	H1 2020
Operating profit/loss		23.5	-5.0	44.7	1.7
Depreciation, amortization and impairment	8	14.7	17.0	29.7	33.7
Other non-cash adjustments		-1.9	6.7	-1.7	8.4
Changes in working capital		-8.7	18.9	-29.9	7.1
Cash flow from operations before financial items and income taxes		27.6	37.6	42.8	50.9
Financial income received		0.4	0.2	2.9	0.6
Financial expenses paid		-3.3	-2.9	-7.1	-6.6
Income tax paid		-1.9	-1.1	-3.9	-3.4
Cash flow from operating activities		22.8	33.8	34.7	41.5
Purchase of property, plant and equipment		-1.0	-1.0	-1.9	-2.2
Sale/disposal of property, plant and equipment		-	0.3	0.2	0.3
Purchase of intangible assets		-2.9	-2.8	-4.9	-6.6
Purchase/disposal of financial assets		0.3	-	0.3	-0.5
Cash flow from investing activities		-3.6	-3.5	-6.3	-9.0
Free cash flow		19.2	30.3	28.4	32.5
Changes in current interest-bearing receivables		0.3	0.2	0.5	0.5
Changes in current interest-bearing loans and borrowings		-96.4	119.3	-99.6	116.1
Changes in non-current interest-bearing loans and borrowings		78.4	-146.0	82.1	-140.2
Payment of lease liabilities		-6.6	-6.3	-12.7	-12.8
Cash flow from financing activities		-24.3	-32.8	-29.7	-36.4
Net cash flow for the period		-5.1	-2.5	-1.3	-3.9
Cash at bank and in hand, at the beginning of the period		17.0	16.6	13.1	19.3
Exchange rate adjustments		-0.2	-0.2	-0.1	-1.5
Net cash flow for the period		-5.1	-2.5	-1.3	-3.9
Cash at bank and in hand, June 30		11.7	13.9	11.7	13.9

Condensed statement of changes in equity

For the period ended June 30

EUR million	2021					2020				
	Share capital	Foreign exchange reserve	Hedging reserve	Retained earnings	Total equity	Share capital	Foreign exchange reserve	Hedging reserve	Retained earnings	Total equity
Equity, January 1	72.9	-14.9	-0.9	77.7	134.8	72.9	4.3	-0.4	81.2	158.0
<i>Other comprehensive income:</i>										
Exchange rate adjustments	-	6.6	-	-	6.6	-	-6.2	-	-	-6.2
<i>Value adjustment of hedging instruments:</i>										
Value adjustment for the period	-	-	1.4	-	1.4	-	-	1.4	-	1.4
Transferred to financial income and expenses	-	-	0.4	-	0.4	-	-	-0.6	-	-0.6
Transferred to inventory	-	-	-0.4	-	-0.4	-	-	-	-	-
Tax on other comprehensive income	-	-	-0.3	-	-0.3	-	-	-0.3	-	-0.3
Total other comprehensive income	-	6.6	1.1	-	7.7	-	-6.2	0.5	-	-5.7
Profit/loss for the period	-	-	-	28.4	28.4	-	-	-	-2.5	-2.5
Comprehensive income for the period	-	6.6	1.1	28.4	36.1	-	-6.2	0.5	-2.5	-8.2
Share option program	-	-	-	0.4	0.4	-	-	-	0.2	0.2
Total changes in equity	-	6.6	1.1	28.8	36.5	-	-6.2	0.5	-2.3	-8.0
Equity, June 30	72.9	-8.3	0.2	106.5	171.3	72.9	-1.9	0.1	78.9	150.0

Note 1

Significant accounting policies

This Interim Report has been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for listed companies. The interim report contains condensed financial statements for the group. No interim report has been prepared for the parent company.

Except for below, the interim report follows the same accounting policies as the consolidated financial statements for 2020, which provide a full description of the significant accounting policies.

The financial statement figures are presented in EUR million rounded with one decimal.

Changes in presentation

There have been no changes in presentation in Q2 2021. Changes carried out after Q2 2020 leading to restatements of Q2 2020 has not been disclosed in prior quarters and are hence outlined below and adjustments included in the following table.

From Q3 2020 Share of profit from associates was presented in a separate line under operating profit in the income statement. Prior to Q3 2020 share of profit from associates was included in other operating income.

Amendments to accounting standards that are mandatorily effective for the current reporting period

The Nilfisk Group has adopted the following new and revised standard issued by IASB, which are effective for the current reporting period that starts on January 1, 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – IBOR reform phase 2

The new and revised standards have not had a material impact on accounting policies or disclosures for the period and are not expected to have an impact on the Nilfisk Group.

New and amended IFRS standards and interpretations not yet adopted by the EU

IASB have issued a number of new standards, amendments and new interpretations which could be relevant to Nilfisk Group, but which have not yet been adopted by the EU. The new standards are not mandatory for the financial reporting for Q2 2021. Nilfisk Group expects to implement these new standards, amendments and interpretations when they take effect. It is expected that none of the new standards, amendments and interpretations that are not yet in effect will have a material impact on recognition and measurement.

EUR million	Previous presentation Q2 2020	Effect of change in presentation	New presentation Q2 2020	Previous presentation H1 2020	Effect of change in presentation	New presentation H1 2020
Gross profit	76.3	-	76.3	170.1	-	170.1
Operating profit/loss*	-4.1	-0.9	-5.0	3.5	-1.8	1.7
Loss before income taxes	-5.2	-	-5.2	-2.6	-	-2.6
Ratios						
Gross margin	39.9%	-	39.9%	41.5%	-	41.5%
EBITDA margin	6.8%	-0.5%	6.3%	9.1%	-0.4%	8.7%
Operating profit margin	-2.1%	-0.5%	-2.6%	0.9%	-0.5%	0.4%

* Adjustment related to change in presentation of share of profit from associates

Note 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.

Regarding accounting estimates and judgments, please refer to Note 1.2 of the 2020 Annual Report. Regarding risks please refer to Note 6.3 of the 2020 Annual Report and the information contained in the section on risk management of the 2020 Annual Report.

Compared to what was disclosed in the Annual Report 2020, the COVID-19 outbreak is considered to impose less uncertainty on the financial statements. With vaccine programs progressing worldwide the future market situation is expected to be slightly less affected by COVID-19 compared to the situation during 2020. The financial impacts of COVID-19 still requires significant judgment and are included in the estimates of the activity of the Group, the valuation of our asset base and the liquidity situation.

As for any other significant uncertainties we will, given the evolving nature of the pandemic and the uncertainties involved, monitor the situation and implication on Nilfisk Group's financial position, activities and cash flows and seek the appropriate mitigating measures. As of June 30, 2021, we have included updated estimates to assess the recoverability of our asset base, including goodwill, development projects, deferred tax assets and trade receivables. We have realized no specific impairments of assets and no additional obligations or liabilities have been recognized as a direct result of COVID-19.

Depending on the escalation of COVID-19 in the future and thereby the long-term impact for Nilfisk, there is an inherent risk that the estimates and judgments made in Q2 2021 could change. Future changes in estimates and judgment may have an impact on the Group's result and financial position.

Note 3

Seasonal fluctuations

Due to the composition of the Nilfisk business, some degree of seasonality in revenue should be expected. Factors which impact seasonality include the market for consumer high pressure washers in H1, holiday seasons, etc.

Normally, the quarterly operating profit follows the seasonality in revenue.

Cash flow from operations is typically weaker in Q1 due to negative changes in working capital in Q1 and Q2 as inventories increase. Working capital normally improves during Q3 and Q4.

Note 4

Segment information

EUR million	Europe	Americas	APAC	Non-allocated	Total branded professional	Consumer	Private label and other*	Group
Q2 – 2021								
Revenue	119.5	75.7	20.4	-	215.6	26.3	15.9	257.8
Gross profit	53.9	30.3	8.7	-	92.9	8.8	3.7	105.4
EBITDA before special items	33.0	15.8	3.3	-11.2	40.9	3.8	-2.8	41.9
<i>Reconciliation to profit/loss before income taxes:</i>								
Special items								-3.7
Amortization, depreciation and impairment								-14.7
Share of profit from associates								1.5
Financial income								0.7
Financial expenses								-3.3
Profit/loss before income taxes								22.4
Gross margin	45.1%	40.0%	42.6%	-	43.1%	33.5%	23.3%	40.9%
EBITDA margin before special items	27.6%	20.9%	16.2%	-	19.0%	14.4%	-17.6%	16.3%
Q2 – 2020								
Revenue	82.2	58.3	15.3	-	155.8	24.5	10.8	191.1
Gross profit	37.4	22.7	5.6	-	65.7	8.2	2.4	76.3
EBITDA before special items	18.3	9.9	0.7	-13.4	15.5	3.9	0.7	20.1
<i>Reconciliation to profit/loss before income taxes:</i>								
Special items								-8.7
Amortization, depreciation and impairment								-16.4
Share of profit from associates								0.9
Financial income								1.9
Financial expenses								-3.0
Profit/loss before income taxes								-5.2
Gross margin	45.5%	38.9%	36.6%	-	42.2%	33.5%	22.2%	39.9%
EBITDA margin before special items	22.3%	17.0%	4.6%	-	9.9%	15.9%	6.5%	10.5%

* "Private label and other" includes non-allocated costs. Q2 2021 includes income of 0.1 mEUR from government grants related to COVID-19 support (Q2 2020: 2.9 mEUR)

As a consequence of a change in the internal reporting, the reportable segments were changed in Q3 2020. Comparison figures for Q2 and H1 2020 are adjusted accordingly. MENA region is now included in APAC as to prior reported as part of EMEA. EMEA has consequently changed name to Europe.

Note 4

Segment information – continued

EUR million	Europe	Americas	APAC	Non-allocated	Total branded professional	Consumer	Private label and other*	Group
H1 – 2021								
Revenue	230.5	139.5	39.2	-	409.2	54.3	31.6	495.1
Gross profit	104.4	57.4	16.5	-	178.3	18.0	7.8	204.1
EBITDA before special items	62.4	29.2	5.4	-23.1	73.9	7.5	-3.1	78.3
<i>Reconciliation to profit/loss before income taxes:</i>								
Special items								-3.9
Amortization, depreciation and impairment								-29.7
Share of profit from associates								1.5
Financial income								1.3
Financial expenses								-7.0
Profit/loss before income taxes								40.5
Gross margin	45.3%	41.1%	42.1%	-	43.6%	33.1%	24.7%	41.2%
EBITDA margin before special items	27.1%	20.9%	13.8%	-	18.1%	13.8%	-9.8%	15.8%
H1 – 2020								
Revenue	188.9	120.9	31.8	-	341.6	45.6	23.0	410.2
Gross profit	87.5	48.7	12.3	-	148.5	15.9	5.7	170.1
EBITDA before special items	46.1	19.6	1.4	-25.9	41.2	6.2	-3.3	44.1
<i>Reconciliation to profit/loss before income taxes:</i>								
Special items								-9.3
Amortization, depreciation and impairment								-33.1
Share of profit from associates								1.8
Financial income								0.5
Financial expenses								-6.6
Profit/loss before income taxes								-2.6
Gross margin	46.3%	40.3%	38.7%	-	43.5%	34.9%	24.8%	41.5%
EBITDA margin before special items	24.4%	16.2%	4.4%	-	12.1%	13.6%	-14.3%	10.8%

*"Private label and other" includes non-allocated costs. H1 2021 includes income of 0.2 mEUR from government grants related to COVID-19 support (H1 2020: 3.0 mEUR).

Note 5

Distribution of revenue

EUR million	Revenue 2021	Revenue 2020	Organic growth
Q2			
Floorcare	88.8	53.2	73.1%
Vacuum cleaners	53.4	41.5	30.8%
High pressure washers	42.2	33.5	28.0%
Aftermarket	73.4	62.9	19.8%
Total	257.8	191.1	38.5%
H1			
Floorcare	161.2	115.6	45.6%
Vacuum cleaners	103.8	89.8	17.7%
High pressure washers	82.4	67.2	25.1%
Aftermarket	147.7	137.6	10.3%
Total	495.1	410.2	24.3%

Aftermarket includes service as well as sale of parts, consumables and accessories. Depending on the type of contract, service revenue is recognized over time or at a point in time.

For information on revenue recognition, see accounting policy described in the 2020 Annual Report, Note 2.2.

Note 6

Special items, net

Special items represent income and expenses that have a non-recurring and special nature against normal operating income and costs.

Special items recognized in Q2 2021 mainly relate to business restructuring consisting of redundancy costs in connection with the leadership changes announced on May 6, 2021. The divestments in Q2 2021 relate mainly to the divestments of Cyclone and Outdoor initiated in 2019.

Special items in Q2 2020 mainly related to move and start-up of the DC warehouse in Ghent, Belgium and redundancy cost associated with the global restructuring plan announced on May 15, 2020. Divestments in Q2 2020 related to consumer exit in APAC and the write-down of the Car Wash business in Germany.

Special items in H1 2021 amounted to 3.9 mEUR compared to 9.3 mEUR in H1 2020.

For more information regarding special items, please refer to Note 2.4 in the 2020 Annual Report

EUR million	Q2 2021	Q2 2020	H1 2021	H1 2020
Business restructuring*	4.3	6.9	4.6	7.4
Divestment	-0.6	1.8	-0.7	1.9
Total	3.7	8.7	3.9	9.3

*The cost saving program has been merged into business restructuring in 2021.

EUR million	2021	Special items	2021 adjusted	2020	Special items	2020 adjusted
Q2						
Revenue	257.8	-	257.8	191.1	-	191.1
Cost of sales	-152.4	0.6	-151.8	-114.8	-2.6	-117.4
Gross profit	105.4	0.6	106.0	76.3	-2.6	73.7
Research and development costs	-6.6	-	-6.6	-7.7	-1.6	-9.3
Sales and distribution costs	-56.7	-3.4	-60.1	-53.4	-2.7	-56.1
Administrative costs	-16.2	-0.9	-17.1	-14.0	-1.8	-15.8
Other operating income	2.0	-	2.0	3.1	-	3.1
Other operating expenses	-0.7	-	-0.7	-0.6	-	-0.6
Special items, net	-3.7	3.7	-	-8.7	8.7	-
Operating profit/loss	23.5	-	23.5	-5.0	-	-5.0
H1						
Revenue	495.1	-	495.1	410.2	-	410.2
Cost of sales	-291.0	0.5	-290.5	-240.1	-2.7	-242.8
Gross profit	204.1	0.5	204.6	170.1	-2.7	167.4
Research and development costs	-13.3	-	-13.3	-15.4	-1.6	-17.0
Sales and distribution costs	-112.4	-3.2	-115.6	-113.1	-2.8	-115.9
Administrative costs	-31.3	-1.2	-32.5	-32.4	-2.2	-34.6
Other operating income	2.4	-	2.4	3.4	-	3.4
Other operating expenses	-0.9	-	-0.9	-1.6	-	-1.6
Special items, net	-3.9	3.9	-	-9.3	9.3	-
Operating profit/loss	44.7	-	44.7	1.7	-	1.7

Note 7

Financial instruments measured at fair value

Financial instruments measured at fair value in the balance sheet 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 have been categorized into level 2 as addressed in the Annual Report 2020, Note 6.3. There have been no significant new items compared to December 31, 2020.

No transfers between the levels of fair value hierarchies has taken place in the first six months of 2021.

EUR million	June 30, 2021	June 30, 2020
Financial assets:		
Derivative financial instruments	1.6	4.4
Fair value through other comprehensive income	1.6	4.4
Derivative financial instruments	0.9	-1.8
Fair value through profit and loss	0.9	-1.8
Financial liabilities:		
Derivative financial instruments	1.3	0.8
Fair value through other comprehensive income	1.3	0.8
Derivative financial instruments	0.6	1.1
Fair value through profit and loss	0.6	1.1
Financial instruments, net	0.6	0.7

Note 8

Amortization, depreciation and impairment

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

EUR million	2021	2020	2021	2020	2021	2020
Amortization, depreciation and impairment	Intangible assets		Property, plant and equipment		Total	
	Q2					
Cost of sales	0.1	0.2	4.4	5.0	4.5	5.2
Research and development costs	2.8	3.7	0.1	0.2	2.9	3.9
Sales and distribution costs	0.8	0.9	2.4	1.8	3.2	2.7
Administrative costs	1.8	1.9	2.3	2.7	4.1	4.6
Special items	-	0.6	-	-	-	0.6
Total	5.5	7.3	9.2	9.7	14.7	17.0
H1						
Cost of sales	0.1	0.7	8.7	9.5	8.8	10.2
Research and development costs	5.7	7.4	0.3	0.3	6.0	7.7
Sales and distribution costs	1.6	1.9	4.9	4.2	6.5	6.1
Administrative costs	3.7	3.7	4.7	5.4	8.4	9.1
Special items	-	0.6	-	-	-	0.6
Total	11.1	14.3	18.6	19.4	29.7	33.7

Amortization of acquisition-related intangibles were 0.7 mEUR in Q2 2021, included in sales and distribution costs. In Q2 2020 amortization of acquisition-related intangibles were 1.2 mEUR, hereof 0.3 mEUR included in cost of sales and 0.9 mEUR included in sales and distribution costs. For H1 2021, amortization of acquisition-related intangibles were 1.4 mEUR compared to 2.4 mEUR in H1 2020.

No impairments were realized in Q2 2021. In Q2 2020 0.6 mEUR were included as impairment costs related to the closing of the Nilfisk Car Wash business in Germany. Total impairment costs for the first six months of 2021 were 0.0 mEUR (2020: 0.6 mEUR).

Note 9

Subsequent events

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to June 30, 2021, that are expected to have a material impact on the Group's financial position.

Management's statement

The Board of Directors and the Executive Management Board have today discussed and approved the Q2 Interim Report of Nilfisk Holding A/S for the period January 1 - June 30, 2021.

The Interim consolidated financial statements, which have not been audited or reviewed by the Group's independent auditor, have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU. The Interim consolidated financial statements have been prepared in accordance with additional Danish requirements.

In our opinion, the Interim Report gives a true and fair view of the Group's assets, liabilities and financial position on June 30, 2020, and the results of the Group's activities and cash flow for the period January 1 - June 30, 2021.

We also believe that the Management's review provides a fair statement of developments in the activities and financial situation of the Group, financial results for the period, and the general financial position of the Group.

In our opinion, the Interim Report of Nilfisk Holding A/S for the period January 1 - June 30, 2021 identified as 529900FSU45YYVLKB451-2021-06-30-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Brøndby, September 1, 2021

Executive Management Board

Torsten Türling
President and CEO

Reinhard Josef Mayer
CFO

Board of Directors

Jens Peter Due Olsen
Chairman

René Svendsen-Tune

Richard Parker Bisson

Are Dragesund

Franck Falézan

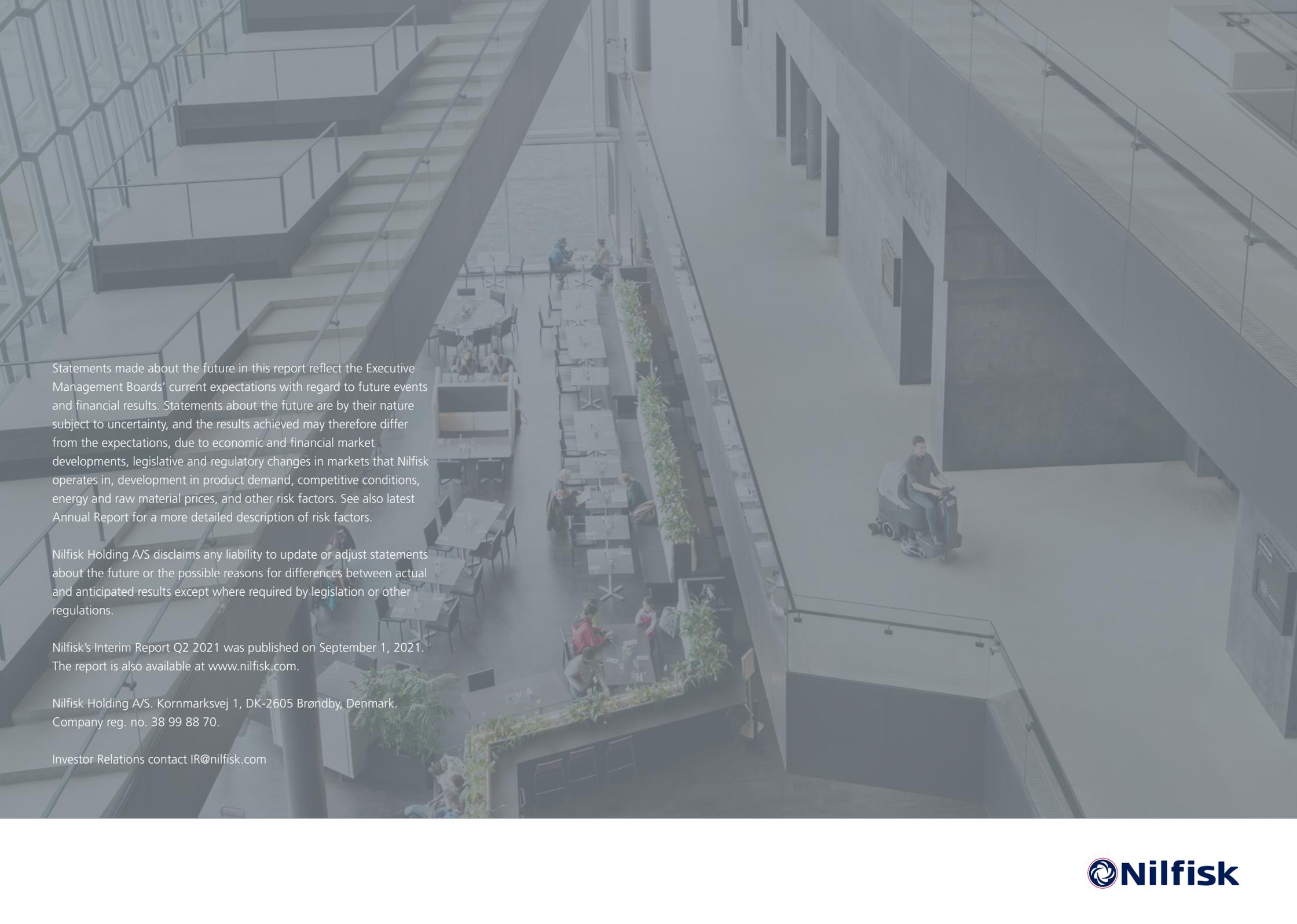
Jutta af Rosenborg

Thomas Schleicher

Gerner Raj Andersen

Søren Giessing Kristensen

Yvonne Markussen



Statements made about the future in this report reflect the Executive Management Boards' 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 Nilfisk operates in, development in product demand, competitive conditions, energy and raw material prices, and other risk factors. See also latest Annual Report for a more detailed description of 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.

Nilfisk's Interim Report Q2 2021 was published on September 1, 2021. The report is also available at www.nilfisk.com.

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