

Nilfisk Q1 Interim Report 2022

Company Announcement
No.10/2022





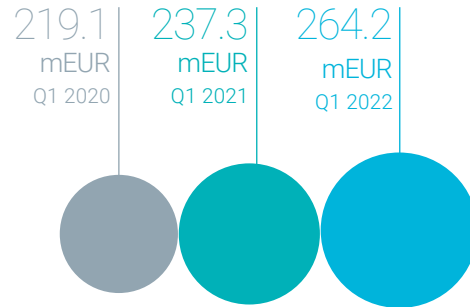
Financial highlights

Q1 2022

264.2 mEUR

Revenue

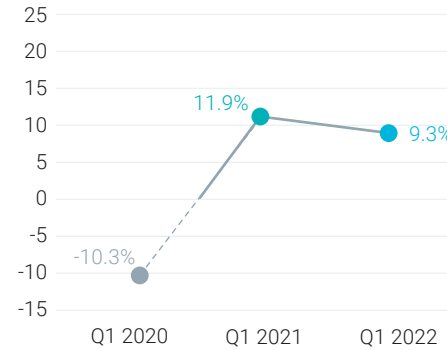
Up 26.9 mEUR from Q1 2021, corresponding to reported growth of 11.3%. This was driven by recovery in demand across regions in combination with initiatives from Business Plan 2026.



9.3%

Organic revenue growth

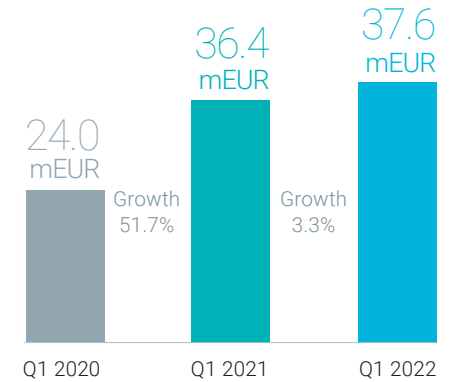
A broad-based market recovery in combination with Business Plan 2026 initiatives to deliver sustainable growth benefited Q1, with the Americas region up by 24.3%. Supply Chain challenges continued to limit revenue growth.



37.6 mEUR

EBITDA before special items (bsi)

Up 1.2 mEUR to 37.6 mEUR, corresponding to a growth of 3.3%, but negatively impacted by increasing materials cost inflation and high freight costs.



14.2%

EBITDA margin bsi

Down 1.1 percentage point from Q1 2021, negatively impacted by a lower gross margin. Increasing materials costs and continued high freight rates were partially mitigated by pricing actions and a lower overhead cost ratio.



10.8 mEUR

Profit for the period

Down 0.1 mEUR from Q1 2021, despite the increase in operating profit, partly due to special items, and to a lesser extent impacted by lower net financial expenses and higher tax for the year compared to Q1 2021



-22.7 mEUR

Free cash flow

Down 31.9 mEUR compared to Q1 2021. Cash flow was negatively affected by the increase in working capital and the intentional increase of inventory levels to secure supply capability



372.4 mEUR

Net interest-bearing debt (NIBD)

Reduced by 6.0 mEUR from Q1 2021, driven by higher operating profit bsi partly offset by higher working capital. Lower NIBD in combination with higher EBITDA led to a 0.8 reduction in gearing to 2.6x





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Financial highlights for the Group

EUR million	Q1 2022	Q1 2021	Year 2021
Income statement			
Revenue	264.2	237.3	994.9
EBITDA before special items	37.6	36.4	144.3
EBITDA	35.0	36.2	139.9
Operating profit (EBIT) before special items	22.5	21.4	84.1
Operating profit (EBIT)	17.7	21.2	79.7
Special items, net	-4.8	-0.2	-4.4
Financial items, net	-3.2	-3.1	-11.6
Profit for the period	10.8	10.9	51.0
Cash flow statement			
Cash flow from operating activities	-18.3	11.9	74.7
Cash flow from investing activities	-4.4	-2.7	-16.2
– hereof investments in property, plant and equipment	-1.5	-0.9	-5.8
Free cash flow	-22.7	9.2	58.5
Statement of financial position			
Total assets	896.1	804.2	841.2
Group equity	224.8	155.8	207.7
Working capital	226.6	152.6	175.7
Net interest-bearing debt	372.4	378.4	338.5
Capital employed	597.2	534.2	546.2
Financial ratios and employees			
Organic growth	9.3%	11.9%	20.7%
Organic growth Nilfisk branded professional business	11.2%	8.3%	20.1%
Gross margin	40.0%	41.6%	40.5%
EBITDA margin before special items	14.2%	15.3%	14.5%
EBITDA margin	13.2%	15.3%	14.1%
Operating profit (EBIT) margin before special items	8.5%	9.0%	8.5%
Operating profit (EBIT) margin	6.7%	8.9%	8.0%
Financial gearing	2.6	3.4	2.3
Overhead costs ratio	31.5%	32.6%	32.0%
Working capital ratio	16.7%	17.5%	15.4%
Return on Capital Employed (RoCE) LTM	15.5%	8.6%	15.8%
Basic earnings per share (EUR)	0.40	0.40	1.88
Diluted earnings per share (EUR)	0.40	0.40	1.88
Number of full-time employees, end of period	4,930	4,529	4,887

Please find definitions in Note 11.



Business update

Continued strong demand

The first quarter of 2022 saw solid sales growth driven by strong customer demand in combination with the continued momentum of our Business Plan 2026. In particular, the focus on growing in the large-scale US market delivered results, with the Americas region remaining our strongest growth driver. Growth in Europe continued, but it was to some extent muted by supply chain constraints and the central European markets being slower to recover post pandemic. COVID lockdowns in China impacted our growth in the APAC region.

Order intake in Q1 2022 surpassed sales growth, as global supply chain challenges continued to restrain production. The order book at March 31, 2022 remained elevated.

Supply chain constraints and margin implications

The supply chain constraints impacting Nilfisk's output and delivery times continued during the first quarter in 2022. Freight costs remained high while raw material cost inflation increased during the quarter, and supplier capacities for certain components and parts remained limited.

As part of our strategic priority to enhance the robustness of our supply chain, we have initiated a set of mitigating actions including diversifying the supplier base and investing in production capacity. In addition, we continued to adjust our pricing to mitigate the margin impact of inflationary pressures.

Business Plan 2026 launched

With the Annual Report for 2021 at the end of February 2022, we presented our Business Plan 2026 focused on long-term sustainable growth. Business Plan 2026 is linked to a set of financial targets for 2026 as well as sustainability targets towards 2030. The ambitions and targets have been communicated and we are currently working systematically with all parts of the organization on the implementation of the action plans to ensure a successful execution of Business Plan 2026.

Nilfisk suspends business in Russia

As a consequence of the Russian invasion into Ukraine, Nilfisk suspended business with Russia and Belarus on March 4, 2022. This included all imports of products and parts into Russia and Belarus as well as all business within the two countries. Nilfisk employees in Russia were sent on paid leave. Nilfisk expects no material impact on the Group financials for 2022 and going forward.

US Distribution Center partly destroyed in a tornado

Nilfisk's Distribution Center in Springdale, Arkansas, was hit by a tornado on March 30. No personnel were injured, but the Distribution Center was significantly damaged. In early April, business resumed in a new facility. Stock is being replenished during Q2, and delivery times are temporarily prolonged. This is expected to postpone around 20 mEUR of revenue from Q2 2022 to H2 2022.



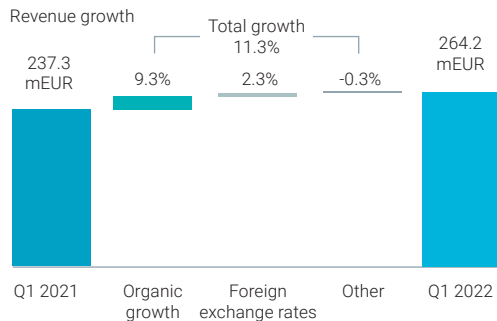


On track demand recovery across regions. Organic growth of 9.3% for the total business

EUR million	Q1 2022	Q1 2021
Revenue	264.2	237.3
Gross Profit	105.6	98.7
Overhead costs	83.1	77.3
EBITDA before special items	37.6	36.4
Operating profit (EBIT) before special items	22.5	21.4
EBITDA	35.0	36.2
Operating profit (EBIT)	17.7	21.2
Financial ratios:		
Organic growth	9.3%	11.9%
Gross margin	40.0%	41.6%
EBITDA margin before special items	14.2%	15.3%
Operating profit (EBIT) margin before special items	8.5%	9.0%
Overhead cost ratio	31.5%	32.6%

Revenue

For the total business, revenue in Q1 came to 264.2 mEUR (Q1 2021: 237.3 mEUR), corresponding to organic growth of 9.3%. Foreign exchange rates had a positive impact of 2.3%. As a result, total reported growth in Q1 2022 was 11.3%.



Organic growth by geographical regions	Q1 2022	Q1 2021	FY 2021
Europe region	3.6%	11.7%	19.4%
Americas region	24.3%	11.2%	23.7%
APAC & MEA	2.0%	15.5%	19.6%
Total organic growth	9.3%	11.9%	20.7%

Organic growth by operating segment	Q1 2022	Q1 2021	FY 2021
Europe	5.4%	5.5%	17.8%
Americas	25.3%	11.2%	23.8%
APAC	-2.9%	15.5%	19.7%
Nilfisk branded professional business	11.2%	8.3%	20.1%
Consumer	-5.8%	34.0%	12.8%
Private label and other	12.7%	28.7%	43.9%
Total organic growth	9.3%	11.9%	20.7%

The growth in Q1 2022 was a result of a strong performance from our Professional business, with Americas delivering the strongest growth, supported by our Private Label business. The execution of a price increase across all markets has driven an element of the growth, while strong demand across markets continued, leading to a significant back-order situation.

In Europe, revenue in Q1 amounted to 115.2 mEUR (Q1 2021: 111.0 mEUR) corresponding to organic growth of 5.4%. The price increase in Europe, which is part of our optimizing Europe strategy, has driven revenue growth across all regions and segments. Countries such as Turkey, Italy and Spain continue to outperform in Europe South. While we see

growth in Europe Central, these markets have been slower to recover post pandemic.

In Americas, revenue in Q1 amounted to 86.0 mEUR (Q1 2021: 63.8 mEUR) corresponding to organic growth of 25.3%. All regions in Americas delivered strong growth in Q1 2022. Our priority to grow in the large-scale US market is bearing fruit, as the US delivered solid results in the quarter. Both Canada and LATAM also continued to see strong demand.

In APAC, revenue in Q1 amounted to 18.9 mEUR (Q1 2021: 18.8 mEUR) corresponding to organic growth of -2.9%. With the continued "zero COVID" policy in China, we saw a negative impact from the severe lockdowns due to COVID-19. Challenges around supply also had a negative impact for the Pacific region in Q1. Thailand and MEA were the exceptions in the region with strong growth.

The Consumer business saw slower growth compared to the same quarter in 2021, with the timing of the Easter holiday season impacting negatively on the start of 2022. Revenue for the Consumer business in Q1 amounted to 26.5 mEUR (Q1 2021: 28.0 mEUR) corresponding to organic growth of -5.8%.

The Private Label business revenue amounted to 17.6 mEUR (Q1 2021: 15.7 mEUR) corresponding to organic growth of 12.7% due to continued high demand from key customers.

Gross margin

The gross margin was 40.0% in Q1, compared to 41.6% in Q1 2021. The decline in gross margin was a result of a negative impact from substantial increases in raw materials costs, driven by the rising inflation across Western countries. This was somewhat offset by the price increases executed.

Overhead costs and ratio

Higher sales in Q1 2022, alongside continued cost control, led to a reduction in the overhead cost ratio of 1.1 percentage point to 31.5% compared to 32.6% in Q1 2021. Higher business activity during the quarter resulted in overhead costs growing by 5.8 mEUR compared to Q1 2021, coming to 83.1 mEUR. Activity-related sales costs like incentives and travel picked up over the quarter.

Total R&D spend in Q1 increased by 1.7 mEUR compared to Q1 2021 and came to 7.0 mEUR, corresponding to 2.6% of revenue compared to 2.2% in Q1 2021. We continue our investments in strategic R&D projects. Out of the total spend of 7.0 mEUR, 4.1 mEUR was recognized as an expense in the income statement (Q1 2021: 3.6 mEUR) while 2.9 mEUR was capitalized (Q1 2021: 1.7 mEUR). In addition to expensed costs, total reported R&D costs for Q1 2022 of 7.1 mEUR (Q1 2021: 6.7 mEUR) also included amortization, depreciation, and impairment of 3.0 mEUR (Q1 2021: 3.1 mEUR).

**Research and development costs**

EUR million	Q1 2022	Q1 2021
Total R&D spend	7.0	5.3
Capitalized	2.9	1.7
Expensed in the P&L	4.1	3.6
R&D ratio (% of revenue)	2.6%	2.2%
Expensed R&D spend	4.1	3.6
Amortization, depreciation and impairment	3.0	3.1
Total R&D expenses	7.1	6.7

In line with the increase in business activity in the quarter, sales and distribution costs increased by 3.1 mEUR to 58.8 mEUR. Administration costs increased by 1.3 mEUR to 16.4 mEUR.

EBITDA and EBITDA margin

EBITDA before special items increased by 1.2 mEUR compared to Q1 2021 and came to 37.6 mEUR in the quarter, which corresponded to an EBITDA margin before special items of 14.2% compared to 15.3% in Q1 2021. The lower gross margin contributed to the decrease of the EBITDA margin before special items.

EBITDA amounted to 35.0 mEUR compared to 36.2 mEUR in Q1 2021. The EBITDA margin was reduced to 13.2% compared to 15.3% in Q1 2021 due to the previously mentioned effects and increased special items.

Operating profit before special items and operating profit

Operating profit before special items amounted to 22.5 mEUR compared to 21.4 mEUR Q1 2021. This corresponded to an operating profit margin before special items of 8.5% compared to 9.0% in Q1 2021.

Operating profit amounted to 17.7 mEUR compared to 21.2 mEUR in Q1 2021. This corresponded to an operating profit margin of 6.7% compared to 8.9% in Q1 2021.

Special items

Special items amounted to 4.8 mEUR compared to 0.2 mEUR in Q1 2021. The special items mainly related to the write-down of assets in Nilfisk Russia and other costs incurred as a direct result of the decision to suspend business activities in Russia, as well as reorganization costs incurred from implementing the new Nilfisk five-year strategy.

Details on special items are described in Note 6.

Financial items

Net financial items amounted to a cost of 3.2 mEUR, compared to a cost of 3.1 mEUR in Q1 2021, driven by an increase in foreign exchange losses, offset by lower interest expenses from lower interest rates and debt.

Tax on profit for the period

Tax on profit was a cost of 3.8 mEUR compared to a cost of 7.2 mEUR in Q1 2021, driven by the decrease in profit before income taxes and decreased effective tax rate at 26.0% compared to 39.8% for the same period in 2021.

Profit for the period

Profit for the period amounted to 10.8 mEUR in line with 10.9 mEUR in Q1 2021.

Working capital

As of March 31, 2022 working capital was 226.6 mEUR, up by 74.0 mEUR compared to Q1 2021 and of 50.9 mEUR up compared to end of 2021. The increase compared to Q1 2021 was driven by an

increase in operating working capital.

The positive development in demand seen throughout 2021 continued into the first quarter where trade receivables increased by 13.1 mEUR driven by an increase in revenue, especially in the Professional and Service business.

Inventories increased by 70.7 mEUR, a development driven by higher business activity and a management decision to ensure critical components and availability of the most used parts in production, as well as the impact of cost inflation. Supply chain constraints and increasing difficulty in sourcing certain components also led to longer lead times in production. The tornado that hit in Nilfisk's Distribution Center in Springdale, Arkansas led to a writedown of estimated damaged inventory of approximately 17 mEUR.

Trade payables increased by 18.0 mEUR due to overall higher activities.

Other receivables increased by 28.7 mEUR of which approximately 19 mEUR was related to an insurance recovery receivable for the estimated damaged inventory and other damaged assets in the distribution center in Springdale, Arkansas. Please also see note 9 contingent assets and liabilities.

Other current liabilities increased by 13.5 mEUR primarily related to deferred revenue and variable costs impacted by higher revenue.

Compared to year-end 2021, the increase in working capital of 50.9 mEUR was primarily driven by increased inventory levels, trade receivables and the insurance receivable.

The 12-month average working capital ratio came to 16.7% at the end of Q1 2022 compared to 17.5% in Q1 2021, driven by growing sales.

Capital employed and RoCE

As of March 31, 2022, capital employed amounted to 597.2 mEUR, up by 63.0 mEUR compared to Q1 2021 and up by 51.0 mEUR compared to 546.2 mEUR at the end of 2021. The development in capital employed since Q1 2021 was due to the above-mentioned development in working capital partly offset by a decrease in intangible assets and deferred tax assets.

The return on capital employed was 15.5%. This was up 6.9 percentage points from Q1 2021 and down by 0.3 percentage points compared to end of 2021 driven by the above.

Cash flows

Cash flow from operating activities for Q1 2022 amounted to an outflow of 18.3 mEUR compared to a net inflow of 11.9 mEUR in Q1 2021. The development compared to Q1 2021 was a result of the increased working capital. Cash flow from investing activities for Q1 2022 was a net outflow of 4.4 mEUR compared to 2.7 mEUR in Q1 2021.

Free cash flow decreased by 31.9 mEUR compared to Q1 2021 and amounted to an outflow of 22.7 mEUR. Cash flow was negatively affected by the increase in working capital and the intentional increase of inventory levels to secure supply capability. The positive effects of lower financial expenses and taxes paid could not offset the lower operating profit and impact from working capital.



Equity

Equity was 224.8 mEUR at the end of Q1 2022 against 207.7 mEUR at the end of 2021. The increase was related to the reported profit for the first three months of 2022, foreign exchange rate gain adjustments and value adjustment of hedging reserve.

Net interest-bearing debt

At the end of Q1 2022, total net interest-bearing debt was 372.4 mEUR, up by 33.9 mEUR against end of 2021 from the increase in working capital. Compared to the end of Q1 2021, net interest-bearing debt was down by 6.0 mEUR.

The financial gearing at the end of Q1 2022 was 2.6 versus 2.3 at the end of 2021 and 3.4 at the end of Q1 2021.

Subsequent events

Liquidation of Nilfisk Russia initiated

At the end of April, Nilfisk announced that the company is taking steps to initiate a liquidation process of its subsidiary in Russia to completely pull out of the Russian and Belarussian markets. As a consequence, a wind down of business in Russia has begun, including a controlled liquidation of inventory in Russia in order to prevent sales to sanctioned parties. Nilfisk expects no material impact on the Group financials for 2022 and going forward.

US Distribution Center

Following the tornado hit of the US Distribution Center in Springdale, Arkansas in the end of March, inventory is being built back up during Q2, leading to temporarily longer delivery times. Growth in Q2 for Americas will be impacted as we expect the temporarily longer delivery times to postpone around 20 mEUR of revenue from Q2 2022 to H2 2022. Clarification on final insurance coverage is yet to be determined. All items related to this event will be treated as special items.

We are not aware of any other events after March 31, 2022, that potentially could have a material impact on the Group's financial position.

2022 Outlook

We maintain the full-year outlook as communicated in the Annual Report 2021 given current visibility of market demand, inflationary developments, profitability levels and impact from the tornado event at USDC. We expect the temporarily longer delivery times caused by the tornado event at USDC to postpone around 20 mEUR of revenue from Q2 2022 to H2 2022.

Therefore, for 2022 we continue to expect:

4% to 7%

Organic revenue growth

13.5% to 15.5%

EBITDA margin before special items

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.

Condensed income statement

for the period ended March 31

EUR million	Note	Q1 2022	Q1 2021
Revenue	4, 5	264.2	237.3
Cost of sales	9	-158.6	-138.6
Gross profit		105.6	98.7
Research and development costs	9	-7.1	-6.7
Sales and distribution costs	9	-58.8	-55.7
Administrative costs	9	-16.4	-15.1
Other operating income		0.4	0.4
Other operating expenses		-1.2	-0.2
Operating profit before special items		22.5	21.4
Special items, net	6	-4.8	-0.2
Operating profit		17.7	21.2
Share of profit from associates		0.1	-
Financial income		0.2	0.6
Financial expenses		-3.4	-3.7
Profit before income taxes		14.6	18.1
Tax on profit for the period		-3.8	-7.2
Profit for the period		10.8	10.9
<i>To be distributed as follows:</i>			
Profit attributable to shareholders of Nilfisk Holding A/S		10.8	10.9
Total		10.8	10.9
Earnings per share (based on 27,126,369 shares issued)			
Basic earnings per share (EUR)		0.40	0.40
Diluted earnings per share (EUR)		0.40	0.40

Condensed statement of comprehensive income

for the period ended March 31

EUR million	Note	Q1 2022	Q1 2021
Profit for the period		10.8	10.9
Other comprehensive income			
<i>Items that may be reclassified to the income statement:</i>			
Exchange rate adjustments of subsidiaries		4.3	8.6
Value adjustment of hedging instruments:			
Value adjustment for the period		2.0	1.8
Transferred to cost of sales		-0.9	-
Tax on value adjustment of hedging instruments		-0.6	-0.3
<i>Items that may not be reclassified to income statement:</i>			
Value adjustment of hedging instruments transferred to inventory		1.4	-0.2
Comprehensive income for the period		17.0	20.8
<i>To be distributed as follows:</i>			
Comprehensive income attributable to shareholders of Nilfisk Holding A/S		17.0	20.8
Total		17.0	20.8



Condensed statement of financial position

EUR million	Note	March 31 2022	March 31 2021	December 31 2021
Assets				
Goodwill		169.9	167.6	169.1
Trademarks		7.1	7.9	7.3
Customer related assets		4.8	6.1	5.2
Development projects completed		25.5	23.8	25.8
Software, know-how, patents, and competition clauses		21.6	28.6	23.5
Development projects and software in progress		19.6	21.5	18.6
Total intangible assets		248.5	255.5	249.5
Land and buildings		8.4	8.1	8.3
Plant and machinery		3.9	3.4	4.0
Tools and equipment		28.7	29.7	28.5
Assets under construction incl. prepayments		3.0	2.3	3.1
Right-of-use assets		55.2	64.0	56.2
Total property, plant and equipment		99.2	107.5	100.1
Investments in associates		29.2	29.6	29.0
Interest-bearing receivables		2.0	-	2.0
Other investments and receivables	7	6.7	4.4	3.3
Deferred tax		14.6	17.3	15.7
Total other non-current assets		52.5	51.3	50.0
Total non-current assets		400.2	414.3	399.6
Inventories		235.3	164.6	220.1
Trade receivables		194.5	181.4	173.9
Interest-bearing receivables		0.5	2.8	0.6
Income tax receivable		4.2	3.9	4.6
Other receivables	7	48.9	20.2	27.4
Cash at bank and in hand		12.5	17.0	15.0
Total current assets		495.9	389.9	441.6
Total assets		896.1	804.2	841.2

EUR million	Note	March 31 2022	March 31 2021	December 31 2021
Equity and liabilities				
Share capital		72.9	72.9	72.9
Reserves		9.5	-5.9	3.3
Retained earnings		142.4	88.8	131.5
Total equity		224.8	155.8	207.7
Deferred tax		5.8	5.8	5.9
Pension liabilities		5.1	7.1	5.1
Provisions		2.8	1.9	2.3
Interest-bearing loans and borrowings		322.6	228.5	292.7
Lease liabilities		36.1	42.4	35.3
Other liabilities	7	3.9	1.8	5.4
Total non-current liabilities		376.3	287.5	346.7
Interest-bearing loans and borrowings		5.8	104.2	5.8
Lease liabilities		22.9	23.1	22.3
Trade payables		132.6	114.6	135.9
Income tax payable		8.7	3.5	7.5
Other liabilities	7	111.1	97.6	101.5
Provisions		13.9	17.9	13.8
Total current liabilities		295.0	360.9	286.8
Total liabilities		671.3	648.4	633.5
Total equity and liabilities		896.1	804.2	841.2



Condensed cash flow statement

for the period ended March 31

EUR million	Note	Q1 2022	Q1 2021
Operating profit		17.7	21.2
Depreciation, amortization, and impairment	8	17.3	15.0
Other non-cash adjustments		-2.6	0.1
Changes in working capital		-47.8	-21.2
Cash flow from operations before financial items and income taxes		-15.4	15.1
Financial income received		0.3	2.5
Financial expenses paid		-1.6	-3.7
Income tax paid		-1.6	-2.0
Cash flow from operating activities		-18.3	11.9
Purchase of property, plant, and equipment		-1.5	-0.9
Sale/disposal of property, plant, and equipment		0.3	0.2
Purchase of intangible assets		-3.7	-2.0
Disposal of financial assets		0.5	-
Cash flow from investing activities		-4.4	-2.7
Free cash flow		-22.7	9.2
Changes in current interest-bearing receivables		0.1	0.2
Changes in current interest-bearing loans and borrowings		0.6	-3.2
Changes in non-current interest-bearing loans and borrowings		25.3	3.7
Payment of lease liabilities		-6.0	-6.1
Cash flow from financing activities		20.0	-5.4
Net cash flow for the period		-2.7	3.8
Cash at bank and in hand, January 1		15.0	13.1
Exchange rate adjustments		0.2	0.1
Net cash flow for the period		-2.7	3.8
Cash at bank and in hand, March 31		12.5	17.0



Condensed statement of changes in equity

for the period ended March 31

EUR million	2022					2021				
	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	-0.7	4.0	131.5	207.7	72.9	-14.9	-0.9	77.7	134.8
Other comprehensive income										
Exchange rate adjustments	-	4.3	-	-	4.3	-	8.6	-	-	8.6
<i>Value adjustment of hedging instruments:</i>										
Value adjustment for the period	-	-	2.0	-	2.0	-	-	1.8	-	1.8
Transferred to cost of sales	-	-	-0.9	-	-0.9	-	-	-	-	-
Transferred to inventory	-	-	1.4	-	1.4	-	-	-0.2	-	-0.2
Tax on value adjustment of hedging instruments	-	-	-0.6	-	-0.6	-	-	-0.3	-	-0.3
Total other comprehensive income	-	4.3	1.9	-	6.2	-	8.6	1.3	-	9.9
Profit for the period	-	-	-	10.8	10.8	-	-	-	10.9	10.9
Comprehensive income for the period	-	4.3	1.9	10.8	17.0	-	8.6	1.3	10.9	20.8
Share option program	-	-	-	0.1	0.1	-	-	-	0.2	0.2
Total changes in equity	-	4.3	1.9	10.9	17.1	-	8.6	1.3	11.1	21.0
Equity, March 31	72.9	3.6	5.9	142.4	224.8	72.9	-6.3	0.4	88.8	155.8

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.

The interim report follows the same accounting policies as the consolidated financial statements for 2021, which provide a full description of the significant accounting policies.

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

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 2022. None of these amended standards and interpretations are expected to have any significant impact on our financial statements.

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

IASB have issued amended standards and interpretations which apply for the first time in 2022, but which have not yet been adopted by the EU. None of these amended standards and interpretations, not yet adopted by EU, are expected to have any significant impact on our financial statements.

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 2021 Annual Report. Regarding risks please refer to Note 6.3 of the 2021 Annual Report and the information contained in the section on risk management of the 2021 Annual Report.

COVID-19

Compared to what was disclosed in the Annual Report 2021, the COVID-19 outbreak is considered to impose continuously less uncertainty on the financial statements. APAC is currently the region that continues to see the biggest impact from COVID-19.

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 situation with 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 Q1 2022 could change. Future changes in estimates and judgment may have an impact on the Group's result and financial position.

Russia

The Russian invasion of Ukraine in February 2022 led to a decision to suspend business in Russia March 4, 2022.

We have written down trade receivables and other assets impacted. Suspending the business in Russia is considered to have an immaterial impact on Nilfisk Group. Please see note 6 Special items for further details.

Tornado impact on US Distribution Center

On March 30, 2022, Nilfisk's Distribution Center in Springdale, Arkansas, was hit by a tornado as stated in company announcement 8/2022. Due to limited access to the facilities and an ongoing assessment of the damages by the loss maker from the insurance company, there is uncertainty to both the assessment of damaged inventory and the expected insurance recovery.

Please see note 9 Contingent assets and liabilities for further details.

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 are among others; the market for consumer high-pressure washers, holiday season, 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
Q1 – 2022								
Revenue	115.2	86.0	18.9	-	220.1	26.5	17.6	264.2
Gross profit	53.6	32.3	7.9	-	93.8	7.8	4.0	105.6
EBITDA before special items	31.1	15.9	1.9	-12.4	36.5	3.0	-1.9	37.6
<i>Reconciliation to profit before income taxes:</i>								
Special items								-4.8
Amortization, depreciation and impairment								-15.1
Share of profit from associates								0.1
Financial income								0.2
Financial expenses								-3.4
Profit before income taxes								14.6
Gross margin	46.5%	37.6%	41.8%	-	42.6%	29.4%	22.7%	40.0%
EBITDA margin before special items	27.0%	18.5%	10.1%	-	16.6%	11.3%	-10.8%	14.2%
Q1 – 2021								
Revenue	111.0	63.8	18.8	-	193.6	28.0	15.7	237.3
Gross profit	50.5	27.1	7.8	-	85.4	9.2	4.1	98.7
EBITDA before special items	29.4	13.4	2.1	-11.9	33.0	3.7	-0.3	36.4
<i>Reconciliation to profit before income taxes:</i>								
Special items								-0.2
Amortization, depreciation and impairment								-15.0
Financial income								0.6
Financial expenses								-3.7
Profit before income taxes								18.1
Gross margin	45.5%	42.5%	41.5%	-	44.1%	32.9%	26.1%	41.6%
EBITDA margin before special items	26.5%	21.0%	11.2%	-	17.0%	13.2%	-1.9%	15.3%

Note 5 Distribution of revenue

Revenue by product

EUR million	Revenue Q1 2022	Revenue Q1 2021	Organic growth
Floorcare	87.8	72.4	17.8%
Vacuum cleaners	55.1	50.4	8.9%
High-pressure washers	42.0	40.2	2.5%
Aftermarket	79.3	74.3	5.0%
Total	264.2	237.3	9.3%

Aftermarket includes field 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.

Revenue by geographical regions

EUR million	Revenue Q1 2022	Revenue Q1 2021	Organic growth
Europe	154.3	150.7	3.6%
Americas	87.8	65.8	24.3%
APAC & MEA	22.1	20.8	2.0%
Total	264.2	237.3	9.3%

For information on revenue recognition, see accounting policy described in the Annual Report 2021, Note 2.2.

Note 6 Special items, net

EUR million	Q1 2022	Q1 2021
Divestment	3.3	-0.1
Business restructuring	1.5	0.3
Total	4.8	0.2

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

Special items recognized in Q1 2022 mainly related to divestment costs which comprised of costs directly incurred as a consequence of the suspension of activities in Russia, majority of which were writedowns of assets.

Business restructuring related to reorganization costs were incurred as part of implementing Business Plan 2026.

Following the tornado hit on Nilfisk's Distribution Center in Springdale, Arkansas, estimated damaged inventory and other damaged assets have been written down and offset by a corresponding expected insurance recovery receivable. Please also refer to Note 9 Contingent asset and liabilities.

Special items recognized in Q1 2021 mainly related to business restructuring costs from the restructuring plan announced in 2020.

For more information regarding special items, please refer to Note 2.4 in the 2021 Annual Report.

EUR million	Q1 2022	Special items	Q1 2022 adjusted	Q1 2021	Special items	Q1 2021 adjusted
Revenue	264.2	-	264.2	237.3	-	237.3
Cost of sales	-158.6	-1.5	-160.1	-138.6	-0.1	-138.7
Gross profit	105.6	-1.5	104.1	98.7	-0.1	98.6
Research and development costs	-7.1	-	-7.1	-6.7	-	-6.7
Sales and distribution costs	-58.8	-0.8	-59.6	-55.7	0.2	-55.5
Administrative costs	-16.4	-1.5	-17.9	-15.1	-0.3	-15.4
Other operating income	0.4	-	0.4	0.4	-	0.4
Other operating expenses	-1.2	-0.8	-2.0	-0.2	-	-0.2
Special items, net	-4.8	4.8	-	-0.2	0.2	-
Operating profit	17.7	0.2	17.9	21.2	-	21.2
Share of profit from associates	0.1	-	0.1	-	-	-
Financial income	0.2	-	0.2	0.6	-	0.6
Financial expenses	-3.4	-	-3.4	-3.7	-	-3.7
Profit before income taxes	14.6	0.2	14.8	18.1	-	18.1
Tax on profit for the period	-3.8	-0.2	-4.0	-7.2	-	-7.2
Profit for the period	10.8	-	10.8	10.9	-	10.9

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 2021, Note 6.3. There have been no significant new items compared to December 31, 2021.

EUR million	Q1 2022	Q1 2021
<i>Financial assets:</i>		
Derivative financial instruments	8.9	2.2
Fair value through other comprehensive income	8.9	2.2
Derivative financial instruments	2.5	1.6
Fair value through profit and loss	2.5	1.6
<i>Financial liabilities:</i>		
Derivative financial instruments	1.2	1.7
Fair value through other comprehensive income	1.2	1.7
Derivative financial instruments	2.6	0.6
Fair value through profit and loss	2.6	0.6
Financial instruments, net	7.6	1.5

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	Q1	Q1	Q1	Q1	Q1	Q1
	2022	2021	2022	2021	2022	2021
	Intangible assets		Property, plant and equipment		Total	
Amortization and depreciation						
Cost of sales	-	-	4.6	4.3	4.6	4.3
Research and development costs	2.6	2.9	0.1	0.2	2.7	3.1
Sales and distribution costs	0.8	0.8	2.1	2.5	2.9	3.3
Administrative costs	1.9	1.9	2.4	2.4	4.3	4.3
Total	5.3	5.6	9.2	9.4	14.5	15.0
Impairment						
Cost of sales	-	-	0.3	-	0.3	-
Research and development costs	0.3	-	-	-	0.3	-
Special items	-	-	2.2	-	2.2	-
Total impairment	0.3	-	2.5	-	2.8	-
Total amortization, depreciation, and impairment	5.6	5.6	11.7	9.4	17.3	15.0

Amortization of acquisition-related intangibles were 0.8 mEUR in Q1 2022, included in sales and distribution costs. In Q1 2021, amortization of acquisition-related intangibles were 0.7 mEUR also included in sales and distribution.

In Q1 2022, impairment costs of 2.8 mEUR in total was realized. Hereof, 1.7 mEUR was related to damaged assets in Nilfisk's Distribution Center in Springdale, Arkansas, 0.5 mEUR related to the suspension of activities in Russia, and 0.6 mEUR impairment of assets related to a consumer product being outphased.

No impairments were realized in Q1 2021.

Note 9 Contingent assets and liabilities

Assets

Following the tornado damage on Nilfisk's Distribution Center in Springdale, Arkansas, Nilfisk is in dialogue with the insurance partner around insurance coverage. The final loss assessment is still ongoing.

Based on the dialogue, an insurance recovery receivable corresponding to the estimated damaged inventory and assets have been included as other receivables, corresponding to approximately 19 mEUR, in the statement of financial position as of March 31, 2022.

Liabilities

Nilfisk is in discussion with the owner of the building in respect to contractual obligations and it cannot be ruled out that Nilfisk may realize costs from terminating the contract exceeding the insurance coverage. Due to the uncertainty related to the potential costs no liability has been recognized in the statement of financial position as of March 31, 2022.

Note 10 Subsequent events

Liquidation of Nilfisk Russia initiated

At the end of April, Nilfisk announced that the company is taking steps to initiate a liquidation process of its subsidiary in Russia to completely pull out of the Russian and Belarussian markets. As a consequence, a wind down of business in Russia has begun, including a controlled liquidation of inventory in Russia in order to prevent sales to sanctioned parties. Nilfisk expects no material impact on the Group financials for 2022 and going forward.

US Distribution Center

Following the tornado hit of the US Distribution Center in Springdale, Arkansas in the end of March, inventory is being built back up during Q2, leading to temporarily longer delivery times. Growth in Q2 for Americas will be impacted as we expect the temporarily longer delivery times to postpone around 20 mEUR of revenue from Q2 2022 to H2 2022. Clarification on final insurance coverage is yet to be determined. All items related to this event will be treated as special items.

We are not aware of any other events after March 31, 2022, that potentially could have a material impact on the Group's financial position.

Note 11 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
4	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
5	Diluted earnings per share	Profit (loss) attributable to shareholders of Nilfisk Holding A/S as a percentage of diluted average number of outstanding shares
6	EBITDA before special items	Earnings (profit) before interest, tax, depreciation, amortization, impairment, and special items
7	EBITDA	Earnings (profit) before interest, tax, depreciation, amortization, and impairment
8	EBITDA margin before special items	EBITDA before special items as a percentage of revenue
9	EBITDA margin	EBITDA as a percentage of revenue
10	EBIT before special items	Earnings before interest, tax, and special items (operating profit before special items)
11	EBIT	Earnings before interest and tax (operating profit)
12	EBIT margin before special items	EBIT before special items as a percentage of revenue
13	EBIT margin	EBIT as a percentage of revenue
14	Earnings per outstanding share (EPS)	Profit (loss) attributable to shareholders of Nilfisk Holding A/S relative to average number of outstanding shares
15	Equity value per outstanding share	Equity attributable to shareholders of Nilfisk Holding A/S per outstanding share at December 31
16	Financial gearing	Net interest-bearing debt divided by EBITDA before special items LTM
17	Free cash flow	Cash flow from operating activities less cash flow from investing activities
18	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
19	Gross margin	Gross profit as a percentage of revenue
20	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
21	Investment ratio	Additions as a percentage of depreciations/amortizations
22	LTM	Latest twelve months
23	Net interest-bearing debt	Current and non-current interest-bearing loans and borrowings less interest-bearing receivables and cash
24	OCI	Other comprehensive income
25	Organic growth	Organic growth in local currency excluding acquisitions and divestments and foreign exchange rates
26	Overhead cost ratio	Overhead costs as a percentage of revenue
27	R&D ratio	Research and development spend as a percentage of revenue
28	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
29	Working capital	Current assets minus current and non-current liabilities (excluding interest-bearing items and provisions)
30	Working capital ratio	Average working capital LTM as a percentage of revenue

Quarterly overview

EUR million	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Income statement					
Revenue	264.2	260.6	239.2	257.8	237.3
EBITDA before special items	37.6	31.5	34.5	41.9	36.4
EBITDA	35.0	31.5	34.0	38.2	36.2
Operating profit (EBIT) before special items	22.5	15.5	20.0	27.2	21.4
Operating profit (EBIT)	17.7	15.5	19.5	23.5	21.2
Special items, net	-4.8	-	-0.5	-3.7	-0.2
Financial items, net	-3.2	-3.2	-2.7	-2.6	-3.1
Profit for the period	10.8	11.5	11.1	17.5	10.9
Cash flow					
Cash flow from operating activities	-18.3	20.9	19.1	22.8	11.9
Cash flow from investing activities	-4.4	-5.4	-4.5	-3.6	-2.7
– hereof investments in property, plant and equipment	-1.5	-2.6	-1.7	-1.0	-0.9
Free cash flow	-22.7	15.5	14.6	19.2	9.2
Statement of financial position					
Total assets	896.1	841.2	831.1	828.7	804.2
Group equity	224.8	207.7	187.6	171.3	155.8
Working capital	226.6	175.7	159.7	154.3	152.6
Net interest-bearing debt	372.4	338.5	346.1	359.9	378.4
Capital employed	597.2	546.2	533.7	531.2	534.2
Financial ratios and employees					
Organic growth	9.3%	16.7%	17.9%	38.5%	11.9%
Organic growth Nilfisk branded professional business	11.2%	16.6%	16.1%	42.8%	8.3%
Gross margin	40.0%	38.8%	40.7%	40.9%	41.6%
EBITDA margin before special items	14.2%	12.1%	14.4%	16.3%	15.3%
EBITDA margin	13.2%	12.1%	14.2%	14.8%	15.3%
Operating profit (EBIT) margin before special items	8.5%	5.9%	8.4%	10.6%	9.0%
Operating profit (EBIT) margin	6.7%	5.9%	8.2%	9.1%	8.9%
Financial gearing	2.6	2.3	2.4	2.7	3.4
Overhead costs ratio	31.5%	32.9%	32.4%	30.3%	32.6%
Working capital ratio	16.7%	15.4%	15.5%	16.0%	17.5%
Return on Capital Employed (RoCE)	15.5%	15.8%	15.2%	13.2%	8.6%
Basic earnings per share (EUR)	0.40	0.42	0.41	0.65	0.40
Diluted earnings per share (EUR)	0.40	0.42	0.41	0.65	0.40
Number of full-time employees, end of period	4,930	4,887	4,796	4,718	4,529



Management's statement

The Board of Directors and the Executive Management Board have today discussed and approved the Q1 Interim Report of Nilfisk Holding A/S for the period January 1 - March 31, 2022.

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 March 31, 2022, and the results of the Group's activities and cash flow for the period January 1 - March 31, 2022.

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 Q1 Interim Report of Nilfisk Holding A/S for the period January 1 - March 31, 2022 identified as 529900FSU45YYVLKB451-2022-03-31.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Brøndby, May 17, 2022

Executive Management Board

Torsten Türling
President and CEO

Reinhard Josef Mayer
CFO

Board of Directors

Göran Peter Nilsson
Chair

René Svendsen-Tune

Richard Parker Bisson

Are Dragesund

Franck Falezan

Jutta af Rosenberg

Thomas Schleicher

Gerner Raj Andersen

Claus Dalmose

Marcus Faber Kappendrup

Nadia Roya Damiri

Nilfisk's Interim Report Q1 2022 was published on May 17, 2022.
The report is also available at www.nilfisk.com.

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