

# Nilfisk Q2 Interim Report 2023

Company Announcement

No. 25/2023



**NILFISK**



# Financial highlights

## Q2 2023

### 276.5 mEUR

Revenue

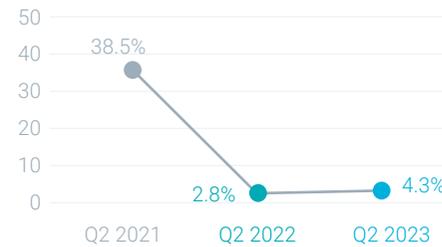
Up 4.5 mEUR from Q2 2022. Revenue from Americas increased by 13.1 mEUR due to pricing and increased shipments over the tornado impacted Q2 2022. The slowdown in Europe continued, leading to a revenue decline of 10.8 mEUR in EMEA, while revenue from APAC increased by 2.2 mEUR. FX headwinds lowered revenue by 2.5%, leading to reported growth of 1.7%.



### 4.3 %

Organic revenue growth

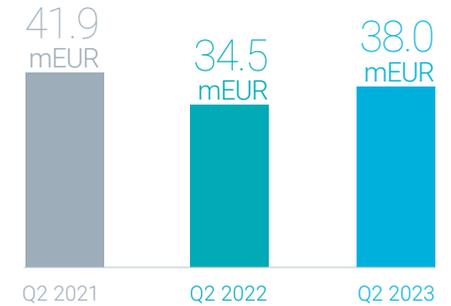
Organic growth of 4.3% against organic growth in Q2 2022 of 2.8%. Service and Professional delivered organic growth of 12.3% and 3.7% respectively. The branded part of Professional grew 4.5%, driven by Floorcare. Consumer declined 7.8% in Q2 2023 and Specialty declined by 5.3%.



### 38.0 mEUR

EBITDA before special items (bsi)

Up 3.5 mEUR from Q2 2022, positively impacted by higher revenue and gross margin recovery, partly offset by higher overhead costs. Overhead was driven by inflationary pressures including merit increase, freight costs and continued investments in Business Plan 2026.



### 13.7%

EBITDA margin bsi

Up 1.0 percentage point from Q2 2022 as the increase in revenue and gross profit was more than able to offset higher overhead cost. The continued improvement in gross margin came from diligent price management, lower freight costs, and business mix being more than able to offset the ongoing inflation pressures and lower volumes.



### 17.3 mEUR

Profit for the period

Profit for the period came to 17.3 mEUR, up 6.9 mEUR from Q2 2022. Net financial items amounted to an income of 3.7 mEUR from the realization of a 2-year interest cap in the quarter, compared to a cost of 5.5 mEUR in Q2 2022. Special items rose to 4.0 mEUR due to the implementation of structural efficiency measures.



### 40.1 mEUR

Free cash flow

Free cash flow increased by 29.0 mEUR compared to Q2 2022 and came to an inflow of 40.1 mEUR. The increase was driven by improved cash flow from operating activities, reduction in working capital, including effects from factoring, a decrease in investments, and the positive net financial items in the quarter.



### 291.5 mEUR

Net interest-bearing debt (NIBD)

NIBD was lowered by 76.0 mEUR from Q2 2022, primarily driven by lower net working capital. Gearing at the end of Q2 2023 stood at 2.2x, down 0.5 compared to prior year, and slightly below the level of 2.3x at year-end 2022.





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# Financial highlights for the Group<sup>1</sup>

EUR million	Q2 2023	Q2 2022	H1 2023	H1 2022	Year 2022
<b>Income statement</b>					
Revenue	276.5	272.0	532.9	536.2	1,069.5
EBITDA before special items	38.0	34.5	66.1	72.1	140.8
EBITDA	34.1	33.3	60.2	68.3	133.3
Operating profit (EBIT) before special items	22.9	19.8	36.1	42.3	79.5
Operating profit (EBIT)	18.9	18.6	29.9	36.3	69.6
Special items, net	-4.0	-1.2	-6.2	-6.0	-9.9
Financial items, net	3.7	-5.5	-1.4	-8.7	-17.0
Profit for the period	17.3	10.4	21.9	21.2	40.6
<b>Cash flow statement</b>					
Cash flow from operating activities	43.6	18.4	64.0	0.1	82.0
Cash flow from investing activities	-3.5	-7.3	-10.8	-11.7	-27.5
– hereof investments in property, plant and equipment	-1.6	-2.9	-3.8	-4.4	-10.5
– hereof investments in intangible assets	-4.2	-3.5	-8.6	-7.2	-15.9
Free cash flow	40.1	11.1	53.2	-11.6	54.5
<b>Statement of financial position</b>					
Total assets			843.4	910.8	863.4
Group equity			265.1	245.4	260.7
Working capital			179.6	244.1	202.1
Net interest-bearing debt			291.5	367.5	324.7
Capital employed			556.6	612.9	585.4
<b>Financial ratios and employees</b>					
Organic growth	4.3%	2.8%	1.2%	5.9%	4.9%
Gross margin	40.4%	38.8%	40.3%	39.4%	39.5%
EBITDA margin before special items	13.7%	12.7%	12.4%	13.4%	13.2%
EBITDA margin	12.3%	12.2%	11.3%	12.7%	12.5%
Operating profit (EBIT) margin before special items	8.3%	7.3%	6.8%	7.9%	7.4%
Operating profit (EBIT) margin	6.8%	6.8%	5.6%	6.8%	6.5%
Financial gearing			2.2	2.7	2.3
Overhead cost ratio	32.1%	31.5%	33.5%	31.5%	32.0%
CAPEX ratio	2.1%	2.4%	2.3%	2.2%	2.5%
Working capital ratio			20.9%	18.6%	21.6%
Return on Capital Employed (RoCE) LTM			12.4%	13.8%	13.4%
Basic earnings per share (EUR)	0.64	0.38	0.81	0.78	1.50
Diluted earnings per share (EUR)	0.64	0.38	0.81	0.78	1.50
Number of full-time employees, end of period			4,697	4,799	4,655

<sup>1</sup> Please find definitions in Note 12.



# Business update Q2 2023

## Business dynamics in Q2

Nilfisk delivered solid revenue growth in the second quarter of 2023. Growth was driven by Americas and APAC, while the economic slowdown in Europe continued to negatively impact growth in EMEA.

The Service Business delivered very strong growth while the Professional Business delivered solid growth. The branded part of Professional performed well driven by Floorcare, while Private Label and High-pressure washers saw a decline in line with the Consumer Business. The Specialty Business also declined in the quarter as demand was lower in both EMEA and Americas.

Growth in the quarter benefitted from soft comparison figures as Q2 2022 was impacted by the tornado event in the US.

## Service Business

The strategic priority Service-as-a-Business continued to develop in line with Business Plan 2026 in Q2 2023. To better drive the development of our service-led business model, the organization is structurally being set up to promote service-driven customer solutions. As a result, the contract attachment rate on new products increased to 10.4% in the first half of 2023, up from 8.9% in the first half of 2022.

## SAP implementation in Mexico successfully completed

The SAP roll out in Mexico to our sales and manufacturing entities was successfully completed beginning of Q2 and the supply chain is benefitting from our new ways of working.

## Supply and capacity constraints easing

At the end of the second quarter 2023, the order book remained elevated. A significant proportion of the order book was related to our business in the Americas region, primarily the industrial range. Manufacturing output in the Americas improved slightly over Q1 2023, and we continued to invest in further capacity expansion for our large Floorcare equipment.

## Business Plan 2026 structural efficiency measures implemented

In Q2 2023, we implemented a number of structural efficiency measures to enable strong long-term performance while harvesting substantial overhead cost savings.

The structural adjustments included a new organizational design supporting the rollout of Business Plan 2026. Examples of this range from a simplified and delayed leadership structure within R&D to accelerate product development; Technical Support becoming part of Product Management; and Parts, Accessories and Consumables (PAC) roles being deployed into regions. Within operations, some functions were also redeployed into the regions to ensure end-to-end accountability and capabilities in the regions, including operational planning and purchasing activities and global engineering. In addition, in some areas within the business, capacity has been adjusted to reflect the current market environment.

The structural efficiency measures will positively impact costs in the second half of 2023, while a large part of the one-off costs in connection with the implementation of the measures was booked as special items in the first half of 2023.

## Russia

The liquidation of Nilfisk LLC (Russia), initiated in 2022, was completed in June 2023.

## René Svendsen-Tune steps in as interim CEO of Nilfisk

Following Torsten Türling's resignation as CEO of Nilfisk in June 2023 due to family reasons, Torsten Türling has asked for an early release from his duties. The early release has been accepted by the Board of Directors with effect from August 17, 2023.

The Board of Directors have appointed Deputy Chair René Svendsen-Tune as interim CEO of Nilfisk as of August 18, 2023.

The ongoing search for a new CEO is proceeding as planned.

# Strong growth in Service and Professional led to solid organic growth of 4.3% in Q2 2023

EUR million	Q2 2023	Q2 2022	H1 2023	H1 2022
Revenue	276.5	272.0	532.9	536.2
Gross profit	111.6	105.4	214.7	211.0
Overhead costs	88.7	85.6	178.6	168.7
EBITDA before special items	38.0	34.5	66.1	72.1
Profit for the period	17.3	10.4	21.9	21.2
<i>Financial ratios:</i>				
Organic growth	4.3%	2.8%	1.2%	5.9%
Gross margin	40.4%	38.8%	40.3%	39.4%
EBITDA margin before special items	13.7%	12.7%	12.4%	13.4%
Overhead cost ratio	32.1%	31.5%	33.5%	31.5%
CAPEX ratio	2.1%	2.4%	2.3%	2.2%

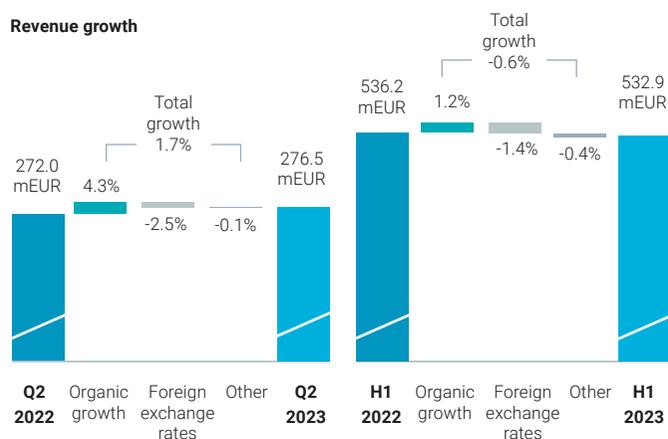
## Revenue

For the total business, Q2 2023 revenue amounted to 276.5 mEUR, corresponding to organic growth of 4.3%. Total reported growth was 1.7%, negatively impacted by foreign exchange rate movements in TRY and USD.

The increase in revenue from Q2 2022 to Q2 2023 was 4.5 mEUR, and was driven by the Service and Professional business, partly offset by lower sales in Consumer and Specialty. Price increases continued to support the overall revenue development.

For the first six months of 2023, total revenue amounted to 532.9 mEUR, corresponding to organic growth of 1.2%. Total reported growth was -0.6%. Foreign exchange rates had a negative impact of 1.4% on total reported growth mainly due to the depreciation of TRY, NOK and SEK compared to last year. Furthermore, the exit from Russia impacted reported growth negatively by 0.4%.

## Revenue growth



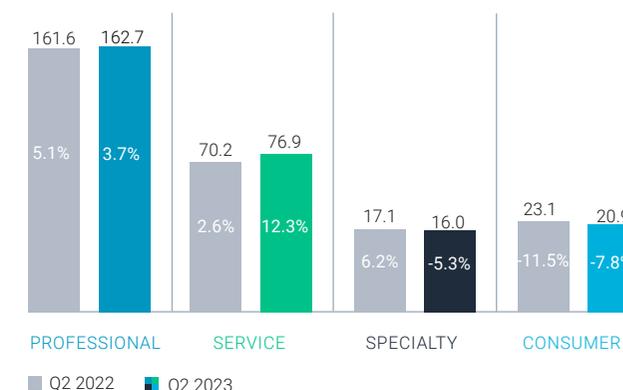
## Revenue by segment

Revenue in the Professional Business in Q2 2023 amounted to 162.7 mEUR, corresponding to organic growth of 3.7%. The branded part of the Professional Business grew 4.5% organically, driven by Floorcare, while High-pressure washers and Private label declined.

For the first six months of 2023, revenue in the Professional Business amounted to 307.2 mEUR, corresponding to organic growth of 0.6%.

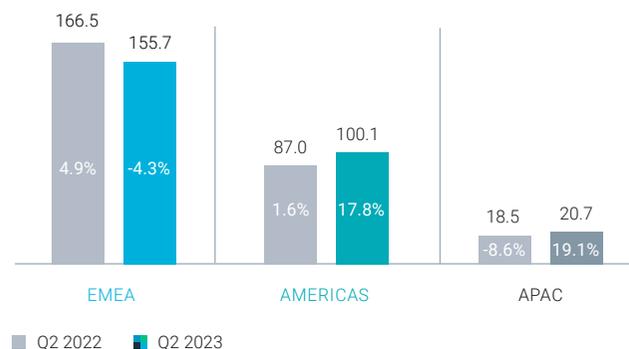
Revenue in the Service Business grew to 76.9 mEUR in Q2 2023, corresponding to organic growth of 12.3%. The strategic focus on building service-as-a-business including pricing efforts benefitted growth, and Service also grew as a result of the increased shipments of parts compared to Q2 2022, which was impacted by the tornado destruction of the US Distribution Center. For the first six months of 2023, revenue in the Service Business amounted to 153.9 mEUR corresponding to organic growth of 9.3%.

## Revenue (mEUR) and organic growth (%) by segment



Revenue in the Specialty Business declined to 16.0 mEUR in Q2 2023 from 17.1 mEUR in Q2 2022, corresponding to negative organic growth of 5.3%. The decline in revenue was driven by lower demand in both EMEA and Americas, partly offset by the impact of price increases. For the first six months of 2023, revenue in the Specialty Business amounted to 31.5 mEUR corresponding to organic growth of 0.3%.

Revenue from the Consumer Business in Q2 2023 amounted to 20.9 mEUR, corresponding to negative organic growth of 7.8%. The Consumer Business continued to decrease in revenue compared to last year due to the ongoing decline in overall market demand and consumer confidence. For the first six months of 2023, revenue in the Consumer Business amounted to 40.3 mEUR, corresponding to negative organic growth of 17.2%.

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

The EMEA region saw negative organic growth of 4.3% in Q2 2023. In some markets, strong pricing execution and sustained demand drove positive growth, while lower demand led to revenue decline in Germany, France, Denmark, and the UK. For the first six months of 2023, revenue in the EMEA region amounted to 304.5 mEUR, corresponding to negative organic growth of 4.3%.

The Americas region delivered strong organic growth of 17.8% in Q2 2023. Growth in the Americas region was driven by price management and increased shipments, also benefitting from lower comparison figures as Q2 2022 was impacted by the tornado event in the US. In LATAM growth was driven by both higher volume and price increases executed in January 2023. For the first six months of 2023, revenue reached 188.9 mEUR in the Americas region, corresponding to organic growth of 8.9%.

The APAC region delivered organic growth of 19.1% in Q2 2023, driven in part by China as the country continued to see the benefits following the re-opening after COVID-19 related lockdowns. Growth in APAC was also supported by very strong demand in Australia and New Zealand. For the first six months of 2023, revenue in the APAC region amounted to 39.5 mEUR, corresponding to organic growth of 14.8%.

**Gross margin**

The gross margin was 40.4% in Q2 2023, compared to 38.8% in Q2 2022. The margin was positively impacted by price management, freight costs and product mix, mitigating external cost inflation on raw materials and labor rate increases as well as lower volumes. We also saw a negative mix effect from higher share of revenue from Americas.

For the first six months of 2023, the gross margin increased to 40.3% compared to 39.4% for the same period last year. This was a direct result of strong price management across all regions, mitigating external cost inflation on raw materials and labor rate increases.

The gross margin for the Professional Business increased to 37.2% in Q2 2023 up from 35.5% in Q2 2022, driven by a favorable mix of higher Floorcare sales, coupled with realization of price increases and declining freight costs for overseas shipments. For the first six months of 2023, the gross margin for the Professional Business amounted to 37.0%.

For the Service Business the gross margin increased to 44.7% in Q2 2023 up from 43.0% in Q2 2022, mainly driven by increasing margins in EMEA and recovery in the Americas following the tornado incident at the US Distribution Center last year. For the first six months of 2023, the gross margin for the Service Business amounted to 45.3%.

The Specialty Business gross margin remained unchanged at 55.0% in Q2 2023 compared to Q2 2022. For the first six months of 2023, the gross margin for the Specialty Business amounted to 54.0%.

Finally, the gross margin for the Consumer Business increased to 37.3% in Q2 2023 up from 36.8% in Q2 2022, due to lower freight costs, price increases, and favorable product mix. For the first six months of 2023, the gross margin for the Consumer Business amounted to 35.2%.

**Overhead costs and ratio**

Overhead costs in Q2 2023 grew by 3.1 mEUR to 88.7 mEUR compared to 85.6 mEUR Q2 2022. The increase was due to inflationary pressure, mainly from merit increases, and investments in line with Business Plan 2026. Higher cost for outbound freight and increased activities at the US Distribution Center drove overhead expenses. The overhead cost ratio came to 32.1% in Q2 2023, an increase of 0.6 percentage point compared to Q2 2022.

For the first six months of 2023, total overhead costs amounted to 178.6 mEUR compared to 168.7 mEUR in the same period of 2022 driven by the same factors as in the quarter. The overhead cost ratio of 33.5% corresponded to an increase of 2.0 percentage points compared to the same period in 2022. Following the implementation of structural efficiency measures in the first half of 2023, the overhead cost are expected to decline in the second half of 2023, as the cost efficiency measures outlined in Business Plan 2026 start to take effect.

**Research and development costs**

EUR million	Q2 2023	Q2 2022	H1 2023	H1 2022
Total R&D spend	7.9	7.3	15.8	14.3
Capitalized	3.6	2.9	6.7	5.8
Expensed in the P&L	4.3	4.4	9.1	8.5
<b>R&amp;D ratio (% of revenue)</b>	<b>2.9%</b>	<b>2.7%</b>	<b>3.0%</b>	<b>2.7%</b>
Expensed R&D spend	4.3	4.4	9.1	8.5
Amortization, depreciation, and impairment	2.8	2.8	5.4	5.8
<b>Total R&amp;D costs</b>	<b>7.1</b>	<b>7.2</b>	<b>14.5</b>	<b>14.3</b>

Total R&D spend in Q2 2023 increased by 0.6 mEUR to 7.9 mEUR compared to Q2 2022, corresponding to 2.9% of revenue compared to 2.7% in Q2 2022. Investments in R&D continued in line with Business Plan 2026. Of the total spend 4.3 mEUR was recognized as an expense in the income statement, while 3.6 mEUR was capitalized. Total reported R&D costs for Q2 2023 amounted to 7.1 mEUR and included amortization and depreciation of 2.8 mEUR. For the first six months of 2023, total R&D spend landed at 15.8 mEUR corresponding to 3.0% of revenue.



Sales and distribution costs in Q2 2023 increased by 3.0 mEUR to 64.1 mEUR compared to Q2 2022, primarily due to cost inflation and higher freight for last mile shipments to customers, alongside planned investments in commercial and operational excellence. For the first six months of 2023, sales and distribution costs amounted to 128.4 mEUR.

Administration costs increased by 1.6 mEUR in Q2 2023 to 19.3 mEUR compared to Q2 2022, reflecting cost inflation and investment in Business Plan 2026. For the first six months of 2023, administration costs came to 37.9 mEUR.

#### **EBITDA and EBITDA margin**

EBITDA before special items increased by 3.5 mEUR in Q2 2023 compared to Q2 2022 and came to 38.0 mEUR. This corresponded to an EBITDA margin before special items of 13.7%, compared to 12.7% in Q2 2022.

EBITDA amounted to 34.1 mEUR compared to 33.3 mEUR in Q2 2022. The EBITDA margin came to 12.3% compared to 12.2% in Q2 2022 due to the improved gross margin partly offset by higher overhead costs and higher special items.

For the first six months of 2023, EBITDA before special items amounted to 66.1 mEUR compared to 72.1 mEUR for the first six months of 2022. This corresponded to an EBITDA margin before special items of 12.4%, which is 1.0 percentage point lower than the same period last year.

EBITDA for the first six months of 2023 amounted to 60.2 mEUR compared to 68.3 mEUR for the first six months of 2022, corresponding to an EBITDA margin of 11.3% compared to 12.7% the year before.

#### **Operating profit before special items and operating profit**

Operating profit before special items amounted to 22.9 mEUR, an increase of 3.1 mEUR in Q2 2023 compared to 19.8 mEUR Q2 2022. This corresponded to an operating profit margin before special items of 8.3% compared to 7.3% in Q2 2022.

Operating profit amounted to 18.9 mEUR compared to 18.6 mEUR in Q2 2022. This corresponded to an operating profit margin of 6.8% in line with Q2 2022.

For the first six months of 2023, operating profit before special items amounted to 36.1 mEUR compared to 42.3 mEUR for the first six months of 2022. This corresponded to an operating profit margin before special items of 6.8% for the first six months of 2023 compared to 7.9% for the same period in 2022. Operating profit amounted to 29.9 mEUR for the first six months of 2023 compared to 36.3 mEUR in the first six months of 2022. This corresponded to an operating profit margin of 5.6% for the first six months of 2023 compared to 6.8% for the first six months of 2022.

#### **Special items**

Special items, net amounted to 4.0 mEUR in Q2 2023 compared to 1.2 mEUR in Q2 2022. The special items were mainly redundancy and advisory costs incurred in connection with the implementation of structural efficiency measures related to the continued execution of Business Plan 2026. Q2 2022 was impacted by the reorganization costs incurred from implementing Business Plan 2026 as well as divestment costs related to Nilfisk Russia.

For the first six months of 2023, special items, net amounted to 6.2 mEUR compared to 6.0 mEUR in the first six months of 2022 impacted by the same factors as in the quarter.

Details on special items are described in Note 6.

#### **Financial items**

Net financial items amounted to an income of 3.7 mEUR, compared to a cost of 5.5 mEUR in Q2 2022, driven by realization of a 2-year interest cap instrument.

For the first six months of 2023, net financial items amounted to a cost of 1.4 mEUR, compared to a cost of 8.7 mEUR in the same period of 2022 impacted by the same factors as in the quarter.

#### **Tax on profit for the period**

Tax on profit was a cost of 6.0 mEUR compared to a cost of 3.5 mEUR in Q2 2022, driven by the increase in profit before income taxes.

For the first six months of 2023, tax on profit amounted to a cost of 7.5 mEUR compared to a cost of 7.3 mEUR in the first six months of 2022.

#### **Profit for the period**

Profit for the period amounted to 17.3 mEUR compared to 10.4 mEUR in Q2 2022.

For the first six months of 2022, profit for the period amounted to 21.9 mEUR compared to 21.2 mEUR in the same period of 2022.

#### **Working capital**

As of June 30, 2023 working capital was 179.6 mEUR, a reduction of 64.5 mEUR compared to end of Q2 2022 and 22.5 mEUR compared to December 2022.

The decrease compared to Q2 2022 was driven mainly by a decrease in operating working capital.

Trade receivables decreased by 31.9 mEUR primarily from the non-recourse factoring program with a total volume of 30.1 mEUR end of June 2023.

Inventories decreased by 30.8 mEUR, as a result of continued inventory management and bringing down safety stock levels to a more normalized level.

Trade payables decreased by 20.3 mEUR in correlation with the inventory development as described above.

Other current receivables decreased by 18.0 mEUR primarily from the received insurance payments for the US Distribution Center. Please also see Note 10 contingent liabilities.



Other current liabilities decreased by 3.5 mEUR primarily related to repayments of government COVID relief packages during 2022.

The 12-month average working capital ratio came to 20.9% at the end of Q2 2023 compared to 18.6% in Q2 2022, driven by the increase in average working capital level.

#### Capital employed and RoCE

As of June 30, 2023, capital employed amounted to 556.6 mEUR, down by 56.3 mEUR compared to Q2 2022 and down by 28.8 mEUR from 585.4 mEUR at the end of 2022. The development in capital employed since Q2 2022 was due to the above-mentioned development in working capital.

The return on capital employed was 12.4%. This was down by 1.4 percentage points from Q2 2022 and down by 1.0 percentage point compared to end of 2022.

#### Cash flows

Cash flow from operating activities for Q2 2023 amounted to a net inflow of 43.6 mEUR compared to a net inflow of 18.4 mEUR in Q2 2022. The development compared to Q2 2022 was driven primarily by inflow from changes in working capital, which was positively impacted by the non-recourse factoring program. Higher net income from financial items also impacted positively. Cash flow from investing activities for Q2 2023 was a net outflow of 3.5 mEUR compared to an outflow of 7.3 mEUR in Q2 2022, due to profit from sale of a property in the quarter.

Free cash flow increased by 29.0 mEUR compared to Q2 2022 and amounted to an inflow of 40.1 mEUR.

For the first six months of 2023 cash flow from operating activities amounted to an inflow of 64.0 mEUR compared to an inflow of 0.1 mEUR for the same period 2022. Cash flow was positively affected by inflow from changes in working capital primarily from inventory reduction and lower trade receivables. Cash flow from investing activities for the first six months of 2023 was an outflow of 10.8 mEUR compared to 11.7 mEUR for the same period in 2022.

For the first six months of 2023 free cash flow was an inflow of 53.2 mEUR compared to an outflow of 11.6 mEUR for the first six months of 2022.

#### Equity

Equity was 265.1 mEUR at the end of Q2 2023 against 260.7 mEUR at the end of 2022. For the first six months of 2023, equity was positively impacted by the reported profit for the period partly offset by foreign exchange rate loss adjustments, value adjustments from hedging and a share option program decrease deriving from realization of the 2020 performance share program.

#### Net interest-bearing debt

At the end of Q2 2023, net interest-bearing debt stood at 291.5 mEUR, down by 33.2 mEUR versus year-end 2022 due to the decrease in working capital. Compared to Q2 2022, net interest-bearing debt declined by 76.0 mEUR.

The financial gearing at the end of Q2 2023 was 2.2 versus 2.7 a year ago.

#### Subsequent events

##### Leadership changes

As detailed in company announcement no. 24/2023 the Board of Directors have appointed Deputy Chair René Svendsen-Tune as interim CEO of Nilfisk as of August 18, 2023.

René Svendsen-Tune is taking over from Torsten Türling, who resigned as CEO of Nilfisk due to family reasons.

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, 2023 that are expected to have a material impact on the Group's financial position.

#### 2023 Outlook

We confirm the full-year outlook as communicated in the Annual Report 2022. We expect that the current macroeconomic uncertainty will continue in the second half of 2023, leading to some volume decline, particularly in the European market.

The range for organic revenue growth is expected to be -2% to 2%. Negative organic growth for the full year of 2023 would require a worsening of current trading conditions.

The range for the EBITDA margin before special items is expected to be 12% to 14%.

**-2% to 2%**

Organic revenue growth

**12% to 14%**

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 June 30

EUR million	Note	Q2 2023	Q2 2022	H1 2023	H1 2022
Revenue	4,5	276.5	272.0	532.9	536.2
Cost of sales	7	-164.9	-166.6	-318.2	-325.2
<b>Gross profit</b>		<b>111.6</b>	<b>105.4</b>	<b>214.7</b>	<b>211.0</b>
Research and development costs	7	-7.1	-7.2	-14.5	-14.3
Sales and distribution costs	7	-64.1	-61.1	-128.4	-119.9
Administrative costs	7	-19.3	-17.7	-37.9	-34.1
Other operating income		2.1	0.7	3.1	1.1
Other operating expenses		-0.3	-0.3	-0.9	-1.5
<b>Operating profit before special items</b>		<b>22.9</b>	<b>19.8</b>	<b>36.1</b>	<b>42.3</b>
Special items, net	6	-4.0	-1.2	-6.2	-6.0
<b>Operating profit</b>		<b>18.9</b>	<b>18.6</b>	<b>29.9</b>	<b>36.3</b>
Share of profit from associates		0.7	0.8	0.9	0.9
Financial income		9.7	0.4	9.9	0.6
Financial expenses		-6.0	-5.9	-11.3	-9.3
<b>Profit before income taxes</b>		<b>23.3</b>	<b>13.9</b>	<b>29.4</b>	<b>28.5</b>
Tax on profit for the period		-6.0	-3.5	-7.5	-7.3
<b>Profit for the period</b>		<b>17.3</b>	<b>10.4</b>	<b>21.9</b>	<b>21.2</b>
<i>To be distributed as follows:</i>					
Profit attributable to shareholders of Nilfisk Holding A/S		17.3	10.4	21.9	21.2
<b>Total</b>		<b>17.3</b>	<b>10.4</b>	<b>21.9</b>	<b>21.2</b>
<b>Earnings per share (based on 27,126,369 shares issued)</b>					
Basic earnings per share (EUR)		0.64	0.38	0.81	0.78
Diluted earnings per share (EUR)		0.64	0.38	0.81	0.78

# Condensed statement of comprehensive income

for the period ended June 30

EUR million	Note	Q2 2023	Q2 2022	H1 2023	H1 2022
Profit for the period		17.3	10.4	21.9	21.2
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to the income statement:</i>					
Exchange rate adjustments of subsidiaries		-3.2	9.0	-6.5	13.3
Value adjustment of hedging instruments:					
Value adjustment for the period		-1.6	-1.4	-1.4	0.6
Transferred to cost of sales		-0.5	3.1	-0.3	2.2
Transferred to financial income and expenses		-9.6	-	-9.6	-
Tax on value adjustment of hedging instruments		2.6	-0.3	2.7	-0.9
<i>Items that may not be reclassified to income statement:</i>					
Value adjustment of hedging instruments transferred to inventory		-0.5	-0.1	-1.1	1.3
<b>Comprehensive income for the period</b>		<b>4.5</b>	<b>20.7</b>	<b>5.7</b>	<b>37.7</b>
<i>To be distributed as follows:</i>					
Comprehensive income attributable to shareholders of Nilfisk Holding A/S		4.5	20.7	5.7	37.7
<b>Total</b>		<b>4.5</b>	<b>20.7</b>	<b>5.7</b>	<b>37.7</b>



# Condensed statement of financial position

EUR million	Note	June 30 2023	June 30 2022	December 31 2022
<b>Assets</b>				
Goodwill		169.1	171.7	170.4
Trademarks		5.3	7.0	6.1
Customer related assets		3.1	4.6	3.8
Development projects completed		28.2	23.2	24.9
Software, know-how, patents, and competition clauses		19.4	19.7	18.6
Development projects and software in progress		15.8	22.9	20.5
<b>Total intangible assets</b>		<b>240.9</b>	<b>249.1</b>	<b>244.3</b>
Land and buildings		6.4	8.4	6.9
Plant and machinery		4.8	4.5	4.9
Tools and equipment		29.0	28.8	29.3
Assets under construction incl. prepayments		4.3	3.6	4.3
Right-of-use assets		61.5	55.2	57.4
<b>Total property, plant and equipment</b>		<b>106.0</b>	<b>100.5</b>	<b>102.8</b>
Investments in associates		36.5	30.3	33.2
Interest-bearing receivables		0.7	2.9	2.0
Other investments and receivables	8	3.5	8.1	12.0
Deferred tax		22.8	14.6	20.6
<b>Total other non-current assets</b>		<b>63.5</b>	<b>55.9</b>	<b>67.8</b>
<b>Total non-current assets</b>		<b>410.4</b>	<b>405.5</b>	<b>414.9</b>
Inventories		211.6	242.4	220.2
Trade receivables		164.7	196.6	166.7
Interest-bearing receivables		0.4	0.6	0.4
Income tax receivable		4.0	2.9	3.8
Other receivables	8	27.7	45.7	34.7
Cash and cash equivalents		24.6	17.1	22.7
<b>Total current assets</b>		<b>433.0</b>	<b>505.3</b>	<b>448.5</b>
<b>Total assets</b>		<b>843.4</b>	<b>910.8</b>	<b>863.4</b>

EUR million	Note	June 30 2023	June 30 2022	December 31 2022
<b>Equity and liabilities</b>				
Share capital		72.9	72.9	72.9
Reserves		-1.4	19.8	14.8
Retained earnings		193.6	152.7	173.0
<b>Total equity</b>		<b>265.1</b>	<b>245.4</b>	<b>260.7</b>
Deferred tax		6.9	6.5	7.3
Pension liabilities		4.0	5.1	4.4
Provisions		5.9	9.2	5.8
Interest-bearing loans and borrowings		251.0	324.4	288.2
Lease liabilities		41.3	34.8	36.9
Other liabilities	8	3.0	2.4	3.1
<b>Total non-current liabilities</b>		<b>312.1</b>	<b>382.4</b>	<b>345.7</b>
Interest-bearing loans and borrowings		2.1	5.8	1.7
Lease liabilities		22.8	23.1	23.0
Trade payables		115.0	135.3	113.2
Income tax payable		12.8	4.7	10.8
Other liabilities	8	97.6	101.1	96.2
Provisions		15.9	13.0	12.1
<b>Total current liabilities</b>		<b>266.2</b>	<b>283.0</b>	<b>257.0</b>
<b>Total liabilities</b>		<b>578.3</b>	<b>665.4</b>	<b>602.7</b>
<b>Total equity and liabilities</b>		<b>843.4</b>	<b>910.8</b>	<b>863.4</b>



# Condensed cash flow statement

for the period ended June 30

EUR million	Note	Q2 2023	Q2 2022	H1 2023	H1 2022
Operating profit		18.9	18.6	29.9	36.3
Depreciation, amortization, and impairment	7	15.2	14.7	30.3	32.0
Other non-cash adjustments		1.9	6.5	2.4	3.9
Changes in working capital		7.6	-14.6	7.3	-62.4
<b>Cash flow from operations before financial items and income taxes</b>		<b>43.6</b>	<b>25.2</b>	<b>69.9</b>	<b>9.8</b>
Financial income received		10.1	2.2	10.4	4.5
Financial expenses paid		-6.9	-3.3	-10.6	-6.9
Income tax paid		-3.2	-5.7	-5.7	-7.3
<b>Cash flow from operating activities</b>		<b>43.6</b>	<b>18.4</b>	<b>64.0</b>	<b>0.1</b>
Purchase of property, plant, and equipment		-1.6	-2.9	-3.8	-4.4
Sale/disposal of property, plant, and equipment		3.2	-	3.2	0.3
Purchase of intangible assets		-4.2	-3.5	-8.6	-7.2
Purchase of financial assets		-0.9	-0.9	-1.6	-0.9
Sale/disposal of financial assets		-	-	-	0.5
<b>Cash flow from investing activities</b>		<b>-3.5</b>	<b>-7.3</b>	<b>-10.8</b>	<b>-11.7</b>
<b>Free cash flow</b>		<b>40.1</b>	<b>11.1</b>	<b>53.2</b>	<b>-11.6</b>
Changes in current interest-bearing receivables		-	-	-	0.1
Changes in current interest-bearing loans and borrowings		0.9	-2.8	1.9	-2.2
Changes in non-current interest-bearing loans and borrowings		-29.8	1.6	-39.6	26.9
Payment of lease liabilities		-6.3	-6.0	-12.7	-12.0
<b>Cash flow from financing activities</b>		<b>-35.2</b>	<b>-7.2</b>	<b>-50.4</b>	<b>12.8</b>
<b>Net cash flow for the period</b>		<b>4.9</b>	<b>3.9</b>	<b>2.8</b>	<b>1.2</b>
Cash and cash equivalents, at the beginning of the period		20.6	12.5	22.7	15.0
Exchange rate adjustments		-0.9	0.7	-0.9	0.9
Net cash flow for the period		4.9	3.9	2.8	1.2
<b>Cash and cash equivalents, June 30</b>		<b>24.6</b>	<b>17.1</b>	<b>24.6</b>	<b>17.1</b>



# Condensed statement of changes in equity

for the period ended June 30

EUR million	2023					2022				
	Share capital	Foreign exchange reserve	Hedging reserve	Retained earnings	Total equity	Share capital	Foreign exchange reserve	Hedging reserve	Retained earnings	Total equity
<b>Equity, January 1</b>	<b>72.9</b>	<b>5.5</b>	<b>9.3</b>	<b>173.0</b>	<b>260.7</b>	<b>72.9</b>	<b>-0.7</b>	<b>4.0</b>	<b>131.5</b>	<b>207.7</b>
<b>Other comprehensive income</b>										
Exchange rate adjustments	-	-6.5	-	-	-6.5	-	13.3	-	-	13.3
<i>Value adjustment of hedging instruments:</i>										
Value adjustment for the period	-	-	-1.4	-	-1.4	-	-	0.6	-	0.6
Transferred to cost of sales	-	-	-0.3	-	-0.3	-	-	2.2	-	2.2
Transferred to inventory	-	-	-1.1	-	-1.1	-	-	1.3	-	1.3
Transferred to financial income and expenses	-	-	-9.6	-	-9.6	-	-	-	-	-
Tax on value adjustment of hedging instruments	-	-	2.7	-	2.7	-	-	-0.9	-	-0.9
<b>Total other comprehensive income</b>	<b>-</b>	<b>-6.5</b>	<b>-9.7</b>	<b>-</b>	<b>-16.2</b>	<b>-</b>	<b>13.3</b>	<b>3.2</b>	<b>-</b>	<b>16.5</b>
Profit for the period	-	-	-	21.9	21.9	-	-	-	21.2	21.2
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-6.5</b>	<b>-9.7</b>	<b>21.9</b>	<b>5.7</b>	<b>-</b>	<b>13.3</b>	<b>3.2</b>	<b>21.2</b>	<b>37.7</b>
Share option program	-	-	-	-1.3	-1.3	-	-	-	-	-
<b>Total changes in equity</b>	<b>-</b>	<b>-6.5</b>	<b>-9.7</b>	<b>20.6</b>	<b>4.4</b>	<b>-</b>	<b>13.3</b>	<b>3.2</b>	<b>21.2</b>	<b>37.7</b>
<b>Equity, June 30</b>	<b>72.9</b>	<b>-1.0</b>	<b>-0.4</b>	<b>193.6</b>	<b>265.1</b>	<b>72.9</b>	<b>12.6</b>	<b>7.2</b>	<b>152.7</b>	<b>245.4</b>

## 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 in the Annual Report for 2022, which provide a full description of the significant accounting policies.

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

### **New reportable segments**

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

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

To provide transparency on the changes, a separate company announcement no. 02/2023 was released disclosing full year and quarterly restated segment information for the reporting periods 2022 and 2021. Please see note 4 Segment Information for descriptions of the new segments.

### **New regional structure**

As a consequence of the change in internal reporting, the revenue split in Note 5 is now based on the geographical regions in which the sales companies are located, meaning 'sold-from country', as to prior 'sold-to country'.

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

Note 5 has been changed accordingly.

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

IASB has issued amended standards which apply for the first time in 2023. None of these amended standards and interpretations have had any significant impact on Nilfisk's financial statements.

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

IASB has issued new or amended standards and interpretations which apply for the first time in 2023, but which have not yet been adopted by the EU. Nilfisk expects to adopt the accounting standards as they become mandatory.

The new or amended standards or interpretations are not expected to have a significant impact on the Group's consolidated 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 Nilfisk's 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 the Group's 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 2022 Annual Report. Regarding risks please refer to Note 6.3 of the 2022 Annual Report and the information contained in the section on risk management of the 2022 Annual Report.

### **Tornado impact on US Distribution Center**

The claims filed against Nilfisk in 2022 by the landlord and Nilfisk's insurer related to the distribution center are described in Note 10 Contingent liabilities.

## 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, weather, 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

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

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

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

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

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

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

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

Comparative figures have been restated accordingly.

EUR million	Professional Business	Service Business	Specialty Business	Consumer Business	HQ	Group
<b>Q2 2023</b>						
Revenue	162.7	76.9	16.0	20.9	-	276.5
Gross profit	60.6	34.4	8.8	7.8	-	111.6
EBITDA before special items	19.4	19.1	5.7	2.9	-9.1	38.0
<i>Reconciliation to profit before income taxes:</i>						
Special items						-4.0
Amortization, depreciation and impairment						-15.1
Share of profit from associates						0.7
Financial income						9.7
Financial expenses						-6.0
<b>Profit before income taxes</b>						<b>23.3</b>
Organic growth	3.7%	12.3%	-5.3%	-7.8%	-	4.3%
Gross margin	37.2%	44.7%	55.0%	37.3%	-	40.4%
EBITDA margin before special items	11.9%	24.8%	35.6%	13.9%	-	13.7%
<b>Q2 2022</b>						
Revenue	161.6	70.2	17.1	23.1	-	272.0
Gross profit	57.3	30.2	9.4	8.5	-	105.4
EBITDA before special items	15.8	16.7	6.0	2.7	-6.7	34.5
<i>Reconciliation to profit before income taxes:</i>						
Special items						-1.2
Amortization, depreciation and impairment						-14.7
Share of profit from associates						0.8
Financial income						0.4
Financial expenses						-5.9
<b>Profit before income taxes</b>						<b>13.9</b>
Organic growth	5.1%	2.6%	6.2%	-11.5%	-	2.8%
Gross margin	35.5%	43.0%	55.0%	36.8%	-	38.8%
EBITDA margin before special items	9.8%	23.8%	35.1%	11.7%	-	12.7%

## Note 4 Segment information (continued)

EUR million	Professional Business	Service Business	Specialty Business	Consumer Business	HQ	Group
<b>H1 2023</b>						
Revenue	307.2	153.9	31.5	40.3	-	532.9
Gross profit	113.8	69.7	17.0	14.2	-	214.7
EBITDA before special items	29.8	38.9	10.3	4.7	-17.6	66.1
<i>Reconciliation to profit before income taxes:</i>						
Special items						-6.2
Amortization, depreciation and impairment						-30.0
Share of profit from associates						0.9
Financial income						9.9
Financial expenses						-11.3
<b>Profit before income taxes</b>						<b>29.4</b>
Organic growth	0.6%	9.3%	0.3%	-17.2%	-	1.2%
Gross margin	37.0%	45.3%	54.0%	35.2%	-	40.3%
EBITDA margin before special items	9.7%	25.3%	32.7%	11.7%	-	12.4%
<b>H1 2022</b>						
Revenue	311.6	143.2	31.8	49.6	-	536.2
Gross profit	113.2	64.4	17.1	16.3	-	211.0
EBITDA before special items	32.9	37.6	10.6	5.5	-14.5	72.1
<i>Reconciliation to profit before income taxes:</i>						
Special items						-6.0
Amortization, depreciation and impairment						-29.8
Share of profit from associates						0.9
Financial income						0.6
Financial expenses						-9.3
<b>Profit before income taxes</b>						<b>28.5</b>
Organic growth	9.4%	4.2%	6.6%	-7.9%	-	5.9%
Gross margin	36.3%	45.0%	53.8%	32.9%	-	39.4%
EBITDA margin before special items	10.6%	26.3%	33.3%	11.1%	-	13.4%

## Note 5 Distribution of revenue

### Revenue by geographical regions

As described in Note 1, the regional structure has changed with effect from January 1, 2023, and this note has changed accordingly.

The table below shows a split of revenue based on the geographical regions in which the sales companies are located, meaning 'sold-from country'.

EUR million	2023	2022	Organic growth
<b>Q2</b>			
EMEA region	155.7	166.5	-4.3%
Americas region	100.1	87.0	17.8%
APAC region	20.7	18.5	19.1%
<b>Total</b>	<b>276.5</b>	<b>272.0</b>	<b>4.3%</b>
<b>H1</b>			
EMEA region	304.5	327.1	-4.3%
Americas region	188.9	173.3	8.9%
APAC region	39.5	35.8	14.8%
<b>Total</b>	<b>532.9</b>	<b>536.2</b>	<b>1.2%</b>

For information on revenue recognition, see accounting policy described in the Annual Report 2022, Note 2.2.

## Note 6 Special items

EUR million	Q2 2023	Q2 2022	H1 2023	H1 2022
Divestment	-	0.4	-0.2	3.7
Business restructuring	4.0	0.8	6.4	2.3
<b>Total</b>	<b>4.0</b>	<b>1.2</b>	<b>6.2</b>	<b>6.0</b>

Special items represent income and expenses that have a non-recurring and special nature against normal operating income and costs. Special items are disclosed separately in the income statement and have been reconciled to the income statement line items as specified in the table.

The special items recognized in Q2 2023 of 4.0 mEUR were mainly redundancy and advisory costs incurred regarding implementation of structural efficiency measures related to the continued execution of Business Plan 2026. In June 2023 the liquidation of Nilfisk Russia was finalized and the dissolution completed.

The special items recognized in Q2 2022 of 1.2 mEUR were mainly related to execution of Business Plan 2026 as well as divestment costs related to Nilfisk Russia.

For the first six months of 2023 special items amounted to 6.2 mEUR compared to 6.0 mEUR for the first six months of 2022.

For more information regarding special items, please refer to Note 2.4 in the 2022 Annual Report.

EUR million	2023	Special items	2023 adjusted	2022	Special items	2022 adjusted
<b>Q2</b>						
Revenue	276.5	-	276.5	272.0	0.8	272.8
Cost of sales	-164.9	-0.1	-165.0	-166.6	-0.2	-166.8
<b>Gross profit</b>	<b>111.6</b>	<b>-0.1</b>	<b>111.5</b>	<b>105.4</b>	<b>0.6</b>	<b>106.0</b>
Research and development costs	-7.1	-0.5	-7.6	-7.2	-	-7.2
Sales and distribution costs	-64.1	-1.3	-65.4	-61.1	-	-61.1
Administrative costs	-19.3	-2.1	-21.4	-17.7	-2.8	-20.5
Other operating income/expenses, net	1.8	-	1.8	0.4	0.7	1.1
Special items, net	-4.0	4.0	-	-1.2	1.2	-
<b>Operating profit</b>	<b>18.9</b>	<b>-</b>	<b>18.9</b>	<b>18.6</b>	<b>-0.3</b>	<b>18.3</b>
Share of profit from associates	0.7	-	0.7	0.8	-	0.8
Financial income/expenses, net	3.7	-	3.7	-5.5	0.3	-5.2
<b>Profit before income taxes</b>	<b>23.3</b>	<b>-</b>	<b>23.3</b>	<b>13.9</b>	<b>-</b>	<b>13.9</b>
Tax on profit for the period	-6.0	-	-6.0	-3.5	-	-3.5
<b>Profit for the period</b>	<b>17.3</b>	<b>-</b>	<b>17.3</b>	<b>10.4</b>	<b>-</b>	<b>10.4</b>
<b>H1</b>						
Revenue	532.9	-	532.9	536.2	0.8	537.0
Cost of sales	-318.2	-0.1	-318.3	-325.2	-1.7	-326.9
<b>Gross profit</b>	<b>214.7</b>	<b>-0.1</b>	<b>214.6</b>	<b>211.0</b>	<b>-0.9</b>	<b>210.1</b>
Research and development costs	-14.5	-1.2	-15.7	-14.3	-	-14.3
Sales and distribution costs	-128.4	-2.9	-131.3	-119.9	-0.8	-120.7
Administrative costs	-37.9	-2.3	-40.2	-34.1	-4.3	-38.4
Other operating income/expenses, net	2.2	0.3	2.5	-0.4	-0.1	-0.5
Special items, net	-6.2	6.2	-	-6.0	6.0	-
<b>Operating profit</b>	<b>29.9</b>	<b>-</b>	<b>29.9</b>	<b>36.3</b>	<b>-0.1</b>	<b>36.2</b>
Share of profit from associates	0.9	-	0.9	0.9	-	0.9
Financial income/expenses, net	-1.4	-	-1.4	-8.7	0.3	-8.4
<b>Profit before income taxes</b>	<b>29.4</b>	<b>-</b>	<b>29.4</b>	<b>28.5</b>	<b>-</b>	<b>28.7</b>
Tax on profit for the period	-7.5	-	-7.5	-7.3	-0.2	-7.5
<b>Profit for the period</b>	<b>21.9</b>	<b>-</b>	<b>21.9</b>	<b>21.2</b>	<b>-</b>	<b>21.2</b>

## Note 7 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	Q2						H1					
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Intangible assets		Property, plant and equipment		Total		Intangible assets		Property, plant and equipment		Total	
<b>Amortization and depreciation:</b>												
Cost of sales	-	0.1	4.7	4.2	4.7	4.3	-	0.1	9.4	8.8	9.4	8.9
Research and development costs	2.6	2.6	0.2	0.2	2.8	2.8	5.1	5.2	0.3	0.3	5.4	5.5
Sales and distribution costs	0.7	0.8	2.5	2.7	3.2	3.5	1.3	1.6	5.1	4.8	6.4	6.4
Administrative costs	2.0	1.8	2.4	2.3	4.4	4.1	3.9	3.7	4.9	4.7	8.8	8.4
Special items	-	-	0.1	-	0.1	-	-	-	0.3	-	0.3	-
<b>Total amortization and impairment</b>	<b>5.3</b>	<b>5.3</b>	<b>9.9</b>	<b>9.4</b>	<b>15.2</b>	<b>14.7</b>	<b>10.3</b>	<b>10.6</b>	<b>20.0</b>	<b>18.6</b>	<b>30.3</b>	<b>29.2</b>
<b>Impairment:</b>												
Cost of sales	-	-	-	-	-	-	-	-	-	0.3	-	0.3
Research and development costs	-	-	-	-	-	-	-	0.3	-	-	-	0.3
Special items	-	-	-	-	-	-	-	-	-	2.2	-	2.2
<b>Total impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.3</b>	<b>-</b>	<b>2.5</b>	<b>-</b>	<b>2.8</b>
<b>Total amortization, depreciation, and impairment</b>	<b>5.3</b>	<b>5.3</b>	<b>9.9</b>	<b>9.4</b>	<b>15.2</b>	<b>14.7</b>	<b>10.3</b>	<b>10.9</b>	<b>20.0</b>	<b>21.1</b>	<b>30.3</b>	<b>32.0</b>

Amortization of acquisition-related intangibles were 1.3 mEUR in H1 2023, compared to 1.6 mEUR in 2022 included in sales and distribution costs.

No impairment losses have been recognized in Q2 2023 in line with Q2 2022.

In H1 2022, impairment costs of 2.8 mEUR in total was realized. Hereof, 1.7 mEUR related to damaged assets in Nilfisk's US Distribution Center, 0.5 mEUR related to the suspension of activities in Russia, and 0.6 mEUR to impairment of assets related to a consumer product being phased out.

## Note 8 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 2022, Note 6.3. There have been no significant new items compared to December 31, 2022.

EUR million	June 30, 2023	June 30, 2022
<b>Financial assets:</b>		
Derivative financial instruments	4.0	14.2
<b>Fair value through other comprehensive income</b>	<b>4.0</b>	<b>14.2</b>
Derivative financial instruments	1.4	3.0
<b>Fair value through profit and loss</b>	<b>1.4</b>	<b>3.0</b>
<b>Financial liabilities:</b>		
Derivative financial instruments	4.4	5.0
<b>Fair value through other comprehensive income</b>	<b>4.4</b>	<b>5.0</b>
Derivative financial instruments	2.0	1.2
<b>Fair value through profit and loss</b>	<b>2.0</b>	<b>1.2</b>
<b>Financial instruments, net</b>	<b>-1.0</b>	<b>11.0</b>

## Note 9 Long-term incentive programs

### Performance share program

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

Following the announcement of the Annual Report 2022 on February 23, 2023, the 2020 Performance share program vested. The EBITDA and Total Shareholder Return targets were partially met, and 51,231 shares have subsequently been settled and paid out to the participants. The remaining shares for the 2020 performance share program have been reversed.

In 2023, a total of 15 employees were offered participation in the 2023 program with a total of 133,405 performance shares equal to 0.49% of the total number of shares in Nilfisk Holding A/S. The key employees outside the Nilfisk Leadership Team are offered participation in return for a reduction in annual bonus. In the first six months of 2023, Nilfisk has expensed 0.2 mEUR relating to the 2023 performance share program.

For performance share programs awarded in 2021 and 2022 the number of outstanding shares was 155,697 at June 30, 2023. Nilfisk has expensed 0.2 mEUR in the first six months of 2023 related to the awarded performance shares in 2021 and 2022.

### New warrant-based long-term incentive program

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

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

At the end of March 2023, the Nilfisk Leadership Team were offered the opportunity to participate in the matching warrant program which can be accepted until August 31, 2023. Warrants will be issued upon the participants' acceptance, fulfillment of the conditions for participation, and approval by the Board of Directors.

At the end of Q2 2023, 113,145 warrants have been issued. The fair value of the warrants was 0.4 mEUR as of June 30, 2023.

## Note 10 Contingent liabilities

### Claims filed against Nilfisk

On September 15, 2022, a claim was filed against Nilfisk by the owner of the US Distribution Center building with respect to contractual obligations related to terminating the contract. The resulting costs may exceed the insurance coverage that has already been paid to the landlord.

On 15 October, 2022, Nilfisk's insurer filed a lawsuit in Denmark against Nilfisk with respect to the insurance payout for the tornado destruction of the US Distribution Center.

We continue to see a high degree of uncertainty related to potential costs for both claims.

### Other contingent liabilities

The Nilfisk Group is engaged in certain disputes, legal proceedings, and inquiries from authorities, including tax authorities, the outcome of which is not expected to materially impact the Group's financial position.

## Note 11 Subsequent events

### Leadership changes

As detailed in company announcement no. 24/2023 the Board of Directors have appointed Deputy Chair René Svendsen-Tune as interim CEO of Nilfisk as of August 18, 2023.

René Svendsen-Tune is taking over from Torsten Türling, who resigned as CEO of Nilfisk due to family reasons.

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, 2023 that are expected to have a material impact on the Group's financial position.

## Note 12 Definitions

Item	Key figures and ratios	Definition
1	Cash conversion	Cash flow from operations before financial items and income taxes as a percentage of EBITDA
2	Capital employed	Non-current assets less interest-bearing receivables, provisions, pensions, and deferred tax liabilities and working capital
3	CAPEX	Capital expenditure (investments in property, plant, and equipment and intangible assets)
4	CAPEX ratio	CAPEX as a percentage of revenue
5	Days sales outstanding	Accounts receivables (excluding VAT) minus bad debt provision divided with latest three months net sales accumulated up to twelve months and multiplied by 365
6	Diluted earnings per share	Profit (loss) attributable to shareholders of Nilfisk Holding A/S as a percentage of diluted average number of outstanding shares
7	EBITDA before special items	Earnings (profit) before interest, tax, depreciation, amortization, impairment, and special items
8	EBITDA	Earnings (profit) before interest, tax, depreciation, amortization, and impairment
9	EBITDA margin before special items	EBITDA before special items as a percentage of revenue
10	EBITDA margin	EBITDA as a percentage of revenue
11	EBIT before special items	Earnings before interest, tax, and special items (operating profit before special items)
12	EBIT	Earnings before interest and tax (operating profit)
13	EBIT margin before special items	EBIT before special items as a percentage of revenue
14	EBIT margin	EBIT as a percentage of revenue
15	Earnings per outstanding share (EPS)	Profit (loss) attributable to shareholders of Nilfisk Holding A/S relative to average number of outstanding shares
16	Equity value per outstanding share	Equity attributable to shareholders of Nilfisk Holding A/S per outstanding share at December 31
17	Financial gearing	Net interest-bearing debt divided by EBITDA before special items LTM
18	Free cash flow	Cash flow from operating activities less cash flow from investing activities
19	Free cash flow excluding acquisitions and divestments	Free cash flow plus cash flow from acquisition of businesses and less cash flow from divestment of businesses
20	Gross margin	Gross profit as a percentage of revenue
21	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
22	Investment ratio	Additions as a percentage of depreciations/amortizations
23	LTM	Latest twelve months
24	Net interest-bearing debt	Current and non-current interest-bearing loans and borrowings less interest-bearing receivables and cash
25	OCI	Other comprehensive income
26	Organic growth	Organic growth in revenue in local currency excluding acquisitions and divestments and foreign exchange rates
27	Overhead cost ratio	Overhead costs as a percentage of revenue
28	R&D ratio	Research and development spend as a percentage of revenue
29	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
30	Working capital	Current assets minus current and non-current liabilities (excluding interest-bearing items and provisions)
31	Working capital ratio	Average working capital LTM as a percentage of revenue



# Quarterly overview

EUR million	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
<b>Income statement</b>					
Revenue	276.5	256.4	270.3	263.0	272.0
EBITDA before special items	38.0	28.1	39.5	29.2	34.5
EBITDA	34.1	26.1	38.7	26.3	33.3
Operating profit (EBIT) before special items	22.9	13.2	23.4	13.8	19.8
Operating profit (EBIT)	18.9	11.0	22.5	10.8	18.6
Special items, net	-4.0	-2.2	-0.9	-3.0	-1.2
Financial items, net	3.7	-5.1	-7.4	-0.9	-5.5
Profit for the period	17.3	4.6	11.8	7.6	10.4
<b>Cash flow</b>					
Cash flow from operating activities	43.6	20.4	57.1	24.8	18.4
Cash flow from investing activities	-3.5	-7.3	-8.7	-7.1	-7.3
– hereof investments in property, plant and equipment	-1.6	-2.2	-3.9	-2.2	-2.9
– hereof investments in intangible assets	-4.2	-4.4	-5.1	-3.6	-3.5
Free cash flow	40.1	13.1	48.4	17.7	11.1
<b>Statement of financial position</b>					
Total assets	843.4	855.0	863.4	922.2	910.8
Group equity	265.1	260.8	260.7	266.8	245.4
Working capital	179.6	197.5	202.1	250.4	244.1
Net interest-bearing debt	291.5	317.9	324.7	365.1	367.5
Capital employed	556.6	578.7	585.4	631.9	612.9
<b>Financial ratios and employees</b>					
Organic growth	4.3%	-2.0%	2.3%	5.4%	2.8%
Gross margin	40.4%	40.2%	40.0%	39.1%	38.8%
EBITDA margin before special items	13.7%	11.0%	14.6%	11.1%	12.7%
EBITDA margin	12.3%	10.2%	14.3%	10.0%	12.2%
Operating profit (EBIT) margin before special items	8.3%	5.1%	8.7%	5.2%	7.3%
Operating profit (EBIT) margin	6.8%	4.3%	8.3%	4.1%	6.8%
Financial gearing	2.2	2.4	2.3	2.7	2.7
Overhead costs ratio	32.1%	35.1%	31.3%	33.9%	31.5%
CAPEX ratio	2.1%	2.6%	3.3%	2.2%	2.4%
Working capital ratio	20.9%	21.9%	21.6%	20.4%	18.6%
Return on Capital Employed (RoCE)	12.4%	11.7%	13.4%	12.2%	13.8%
Basic earnings per share (EUR)	0.64	0.17	0.44	0.28	0.38
Diluted earnings per share (EUR)	0.64	0.17	0.44	0.28	0.38
Number of full-time employees, end of period	4,697	4,684	4,655	4,737	4,799

# 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, 2023.

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, 2023, and the results of the Group's activities and cash flow for the period January 1 - June 30, 2023.

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 Q2 Interim Report of Nilfisk Holding A/S for the period January 1 - June 30, 2023 identified as 529900FSU45YYVLKB451-2023-06-30.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Brøndby, August 18, 2023

## Executive Management Board

**Torsten Türling**  
President and CEO

**Reinhard Josef Mayer**  
CFO

## Board of Directors

**Göran Peter Nilsson**  
Chair

**René Svendsen-Tune**

**Are Dragesund**

**Viveka Marianne Ekberg**

**Franck Falezan**

**Ole Kristian Jødahl**

**Jutta af Rosenberg**

**Bengt Anders Lennart Thorsson**

**Gerner Raj Andersen**

**Claus Dalmose**

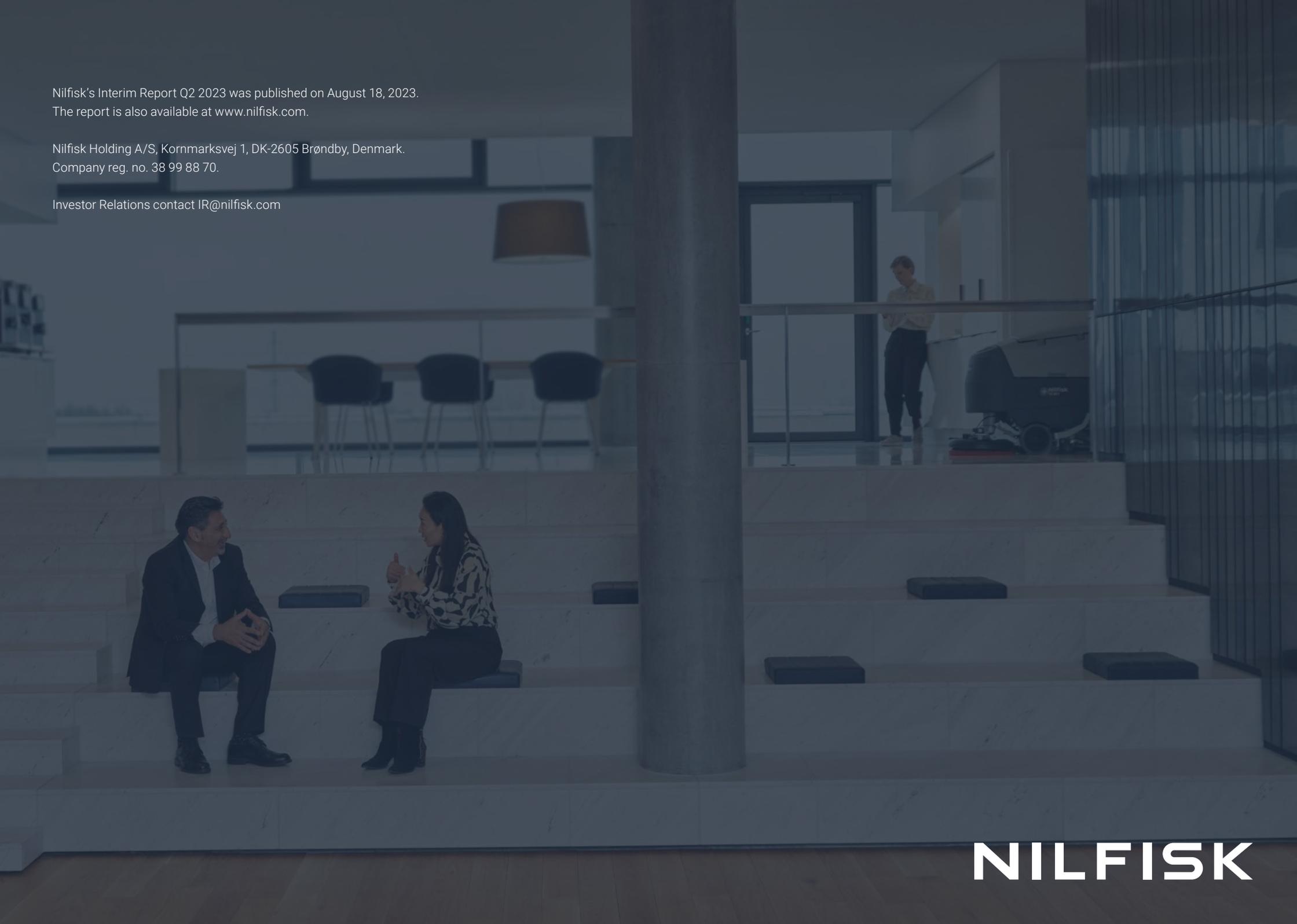
**Nadia Roya Damiri**

**Marcus Faber Kappendrup**

Nilfisk's Interim Report Q2 2023 was published on August 18, 2023.  
The report is also available at [www.nilfisk.com](http://www.nilfisk.com).

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