



Nilfisk Q1 Interim Report 2023

Company Announcement
No.13/2023

NILFISK



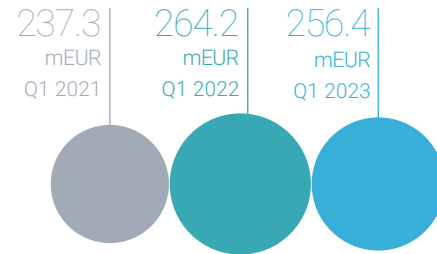
Financial highlights

Q1 2023

256.4 mEUR

Revenue

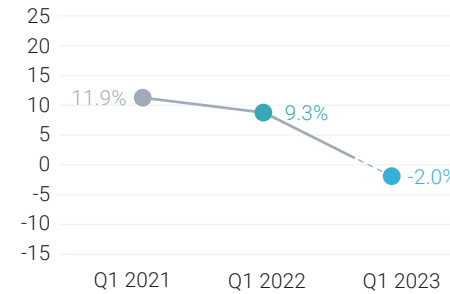
Revenue declined by 7.8 mEUR from the strong Q1 2022, corresponding to reported growth of -3.0%. Revenue from Service, Specialty and the branded part of Professional grew, but could not compensate for the decline in Consumer and the Private label part of Professional. Exit from Russia and FX headwinds also lowered revenue.



-2.0%

Organic revenue growth

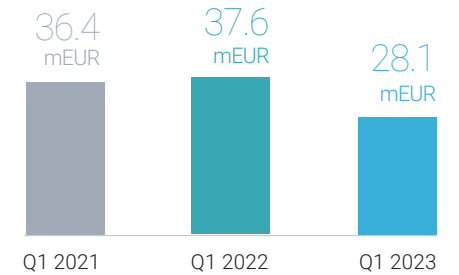
Organic growth of -2.0% against growth in Q1 2022 of 9.3%. Service and Specialty delivered growth of 6.5% and 6.9%, respectively. The branded part of Professional grew 1.7%, driven by Floorcare and Vacuum cleaners, while the Private label part declined 39.5%. Consumer declined 25.4%.



28.1 mEUR

EBITDA before special items (bsi)

Down 9.5 mEUR, negatively impacted by lower revenue and higher overhead costs. Overhead was driven by inflationary pressures including merit increase, freight costs and continued investments in future growth. Gross profit margin recovery continued.



11.0%

EBITDA margin bsi

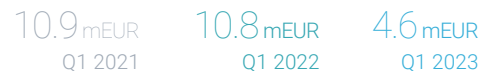
Down 3.2 percentage points from Q1 2022. Positively impacted by the continued improvement in gross margin, as increasing materials costs were to a large extent mitigated by pricing actions. Negative impact from the higher overhead cost ratio from the combination of higher overhead and lower revenue.



4.6 mEUR

Profit for the period

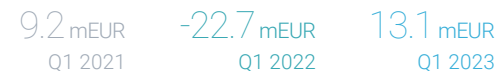
Net profit for the period impacted by lower EBITDA and higher financial expenses, somewhat softened by lower special items.



13.1 mEUR

Free cash flow

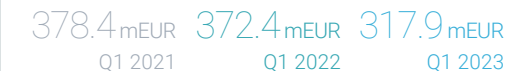
Up 35.8 mEUR compared to Q1 2022, despite increased investments and higher financial expenses in the quarter. Improvements were driven by lower working capital, including effects from factoring.



317.9 mEUR

Net interest-bearing debt (NIBD)

Reduced by 54.5 mEUR from Q1 2022, driven by higher free cash flow. Gearing in Q1 2023 stood at 2.4, down 0.2 compared to prior year, but up slightly from 2.3 at year-end 2022.





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Financial highlights for the Group

EUR million	Q1 2023	Q1 2022	Year 2022
Income statement			
Revenue	256.4	264.2	1,069.5
EBITDA before special items	28.1	37.6	140.8
EBITDA	26.1	35.0	133.3
Operating profit (EBIT) before special items	13.2	22.5	79.5
Operating profit (EBIT)	11.0	17.7	69.6
Special items, net	-2.2	-4.8	-9.9
Financial items, net	-5.1	-3.2	-17.0
Profit for the period	4.6	10.8	40.6
Cash flow statement			
Cash flow from operating activities	20.4	-18.3	82.0
Cash flow from investing activities	-7.3	-4.4	-27.5
– hereof investments in property, plant and equipment	-2.2	-1.5	-10.5
– hereof investments in intangible assets	-4.4	-3.7	-15.9
Free cash flow	13.1	-22.7	54.5
Statement of financial position			
Total assets	855.0	896.1	863.4
Group equity	260.8	224.8	260.7
Working capital	197.5	226.6	202.1
Net interest-bearing debt	317.9	372.4	324.7
Capital employed	578.7	597.2	585.4
Financial ratios and employees			
Organic growth	-2.0%	9.3%	4.9%
Gross margin	40.2%	40.0%	39.5%
EBITDA margin before special items	11.0%	14.2%	13.2%
EBITDA margin	10.2%	13.2%	12.5%
Operating profit (EBIT) margin before special items	5.1%	8.5%	7.4%
Operating profit (EBIT) margin	4.3%	6.7%	6.5%
Financial gearing	2.4	2.6	2.3
Overhead costs ratio	35.1%	31.5%	32.0%
CAPEX ratio	2.6%	2.0%	2.5%
Working capital ratio	21.9%	16.7%	21.6%
Return on Capital Employed (RoCE) LTM	11.7%	15.5%	13.4%
Basic earnings per share (EUR)	0.17	0.40	1.50
Diluted earnings per share (EUR)	0.17	0.40	1.50
Number of full-time employees, end of period	4,684	4,930	4,655

Please find definitions in Note 12.

Business update Q1 2023

Strong growth in Service and Specialty and solid growth in branded part of Professional

Despite strong growth in the Service and Specialty businesses and moderate growth in the branded part of the Professional Business, we saw a decline in revenue for the first quarter of 2023 compared to prior year. The reduction was driven by a large decline in revenue in the Consumer Business and in the Private label part of the Professional Business. In addition, supply chain bottlenecks with Floorcare equipment manufactured in Americas muted growth in the branded part of the Professional Business in both Americas and EMEA.

The order book as of March 31, 2023 remained elevated and was at the same level as Q1 2022.

Inflationary pressure, supply chain constraints, and slowdown in Europe

Pricing actions continued to support revenue in all regions, but volume declined in Europe due to a slowdown in some key markets. Americas was affected with lower volume due to supply chain constraints and continued US Distribution Center output limitations.

New Innovation, Service, and Customer Experience (ISCE) unit to drive customer value

Bringing Nilfisk's customer value proposition to life is key to Business Plan 2026. In January 2023, a global function covering Innovation, Service, and Customer Experience was created. This global team sets the offerings, framework, and standards to ensure commercial activation in the countries. This means ISCE is instrumental in building functional excellence in the countries to enable delivery of an impeccable customer experience and deliver on Nilfisk's value proposition.

EMEA as one region

In March 2023, Nilfisk changed the Europe region from being a sales-only region to a full P&L region. Led by a General Manager and a multi-functional leadership team, the region takes overall responsibility for activities and results. Effectively, the region covers the full EMEA geography including Middle East and Africa (MEA). The former APAC & MEA region has now been redefined to APAC region. A similar setup was implemented in US in spring 2022 and has proven to promote collaboration and alignment across all functions while improving end-to-end customer service.

Business Plan 2026 efficiency measures for 2023

Business Plan 2026 structural efficiency planning has been identified and are being initiated. The aim is to enable strong long-term performance while harvesting substantial overhead costs savings.

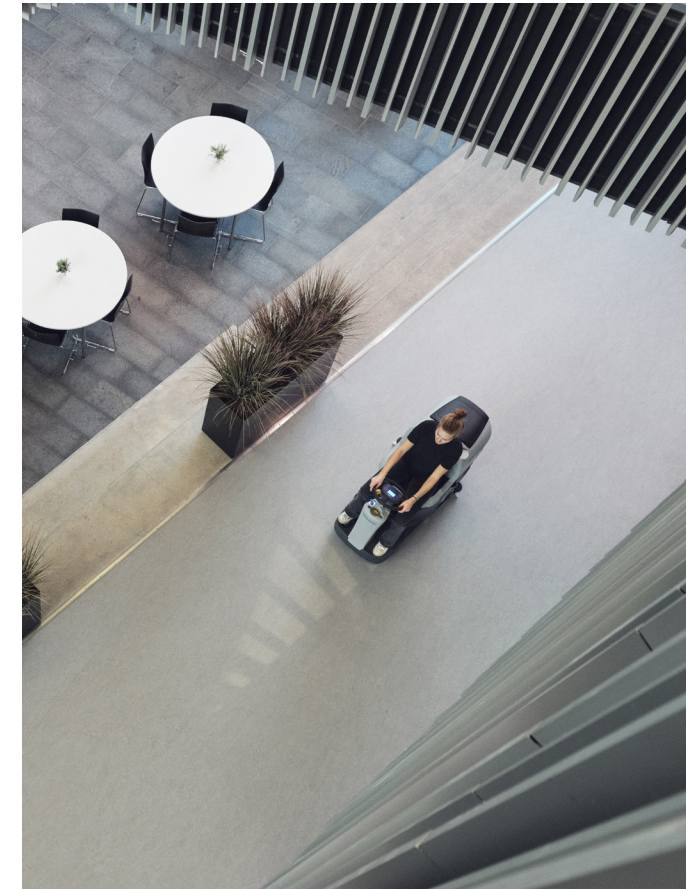
As a result, overhead cost reductions are targeted of around 10 to 12 mEUR to be realized from Q2 to Q4 2023. The full year effects of the targeted cost reduction are expected to be around 15 to 18 mEUR. Special items in 2023 are expected to be in the range of 10 to 12 mEUR.

New segments

Beginning in Q1 2023, Nilfisk has been operating with a new financial reporting structure, providing revenue, gross profit and EBITDA by segment. The segmentation supports the strategic direction by reporting on segments that are growth platforms in Business Plan 2026. This provides transparency on our financial progress as we develop service-as-a-business and unleash the growth of the Specialty Business.

Russia

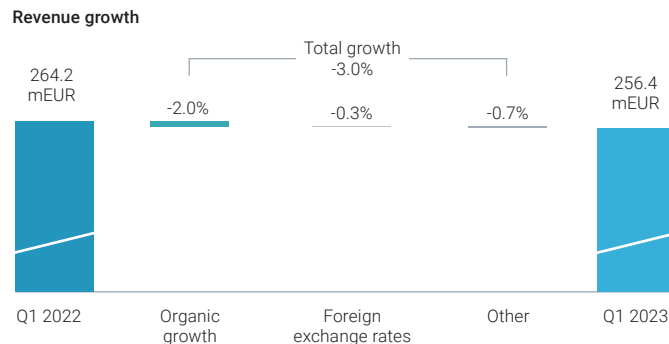
The liquidation of Nilfisk LLC (Russia), initiated in 2022, is now reaching its final steps. At the end of Q1 2023, all local staff have been laid off and operations terminated. All material assets and liabilities have been settled. Final liquidation is awaiting approval from Russian tax authorities, and we expect to receive this approval in Q2 2023.





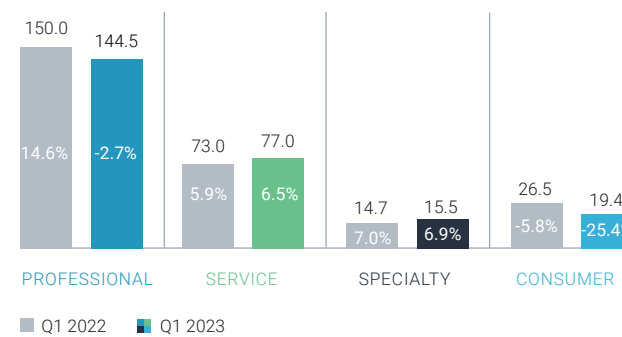
Growth in Service and Specialty and branded part of Professional, while Consumer and Private label part of Professional declined

EUR million	Q1 2023	Q1 2022
Revenue	256.4	264.2
Gross profit	103.1	105.6
Overhead costs	89.9	83.1
EBITDA before special items	28.1	37.6
Profit for the period	4.6	10.8
Financial ratios:		
Organic growth	-2.0%	9.3%
Gross margin	40.2%	40.0%
EBITDA margin before special items	11.0%	14.2%
Overhead costs ratio	35.1%	31.5%
CAPEX ratio	2.6%	2.0%



Revenue
For the total business, revenue in Q1 2023 came to 256.4 mEUR (Q1 2022: 264.2 mEUR), corresponding to negative organic growth of 2.0%. Foreign exchange rates had a negative impact of 0.3%. The liquidation of the Nilfisk Russia organization resulted in a negative impact of 0.7% in the 'other' category. As a result, total reported growth in Q1 2023 was -3.0%. The reduction in revenue was 7.8 mEUR and came from lower revenue in Consumer and the Private Label part of Professional, which in total declined by 13.4 mEUR.

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



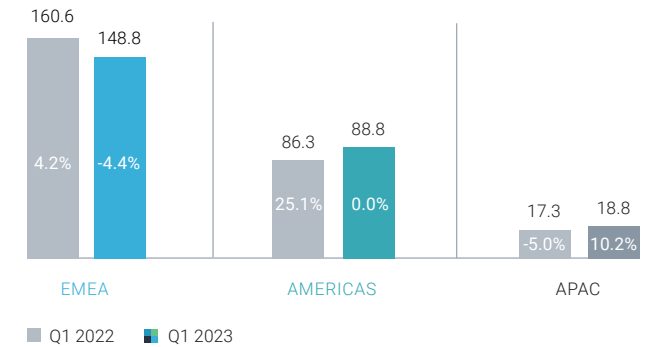
This was partly offset by strong growth in Service and Specialty and moderate growth in the branded part of Professional. Price increases supported revenue development and mitigated the volume decline. Supply bottlenecks in the Americas plants continued to mute growth of the branded part of Professional in both the Americas and EMEA.

Revenue in the Professional Business in Q1 2023 amounted to 144.5 mEUR (Q1 2022: 150.0 mEUR) corresponding to negative organic growth of 2.7%. The branded part of the Professional Business grew 1.7% organically, driven by Floorcare and Vacuum cleaners, while High-pressure washers showed a slight negative trend. The Private label part of the Professional Business declined 6.3 mEUR, corresponding to organic growth of -39.5%.

Revenue in the Service Business grew to 77.0 mEUR in Q1 2023 (Q1 2022: 73.0 mEUR), corresponding to an organic growth of 6.5%. Growth was driven by price increases and a strong field service volume.

Revenue in the Specialty Business grew to 15.5 mEUR in Q1 2023 (Q1 2022: 14.7 mEUR), an organic growth of 6.9%. A combination of price increases and strong volume increases in APAC and Americas, compensated lower demand in Europe.

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



Revenue for the Consumer Business in Q1 2023 amounted to 19.4 mEUR (Q1 2022: 26.5 mEUR) corresponding to negative organic growth of 25.4%. The Consumer Business continued to decrease in revenue compared to the same quarter in 2022, due to continued decline in overall market demand and low consumer confidence.

The EMEA region saw negative organic growth of 4.4% in Q1 2023. In some markets strong pricing execution and demand sustained positive growth, while lower sales of Consumer and Private label products led to revenue decline in Germany, France, and Spain. The exit from Russia negatively impacted revenue in EMEA.

The Americas region moved sideways, as organic growth stood at 0.0% in Q1 2023. Strong growth in LATAM was offset by negative growth in both the US and Canada, due to lower market demand, partly offset by the price increase executed in January 2023.

The APAC region delivered organic growth of 10.2% in Q1 2023, led by China as the country opened up after COVID-19 related lockdowns. Growth in APAC was also driven by Thailand and New Zealand.

Gross margin

The gross margin reached 40.2% in Q1 2023, compared to 40.0% in Q1 2022. The margin was positively impacted by price increases, tailored to mitigate external cost inflation on raw materials and labor rate increases. The gross margin also benefited from declining freight rates, but was affected by lower capacity utilization.

The gross margin for the Professional Business declined to 36.8% in Q1 2023 (Q1 2022: 37.3%), due to the negative impact of increased raw material cost, labor costs, and lower factory utilization, only partly mitigated by price increases and lower freight costs.

The Service Business gross margin came to 45.8% in Q1 2023, down from 46.8% in Q1 2022, mainly driven by a mix of revenue towards a higher field service proportion.

The Specialty Business margin increased to 52.9% in Q1 2023 (Q1 2022: 52.4%) mainly as a consequence of pricing actions.

The Consumer Business gross margin increased to 33.0% in Q1 2023 from 29.4 % in Q1 2022, due to lower freight costs, price discipline, and product mix management offsetting part of the profitability loss from the market downturn.

Overhead costs and ratio

Overhead costs in Q1 2023 grew by 6.8 mEUR compared to Q1 2022, coming to 89.9 mEUR. The increase was due to inflationary pressure including merit increase and freight costs and investments in line with Business Plan 2026. Alongside this, higher cost for outbound freight (last mile) and increased activities at our US Distribution Center drove overhead expenses up. The overhead cost ratio came to 35.1% in Q1 2023, an increase of 3.6 percentage points compared to 31.5% in Q1 2022. The overhead cost ratio is expected to decline during 2023, as Business Plan 2026 cost efficiency measures begin to take effect.

Research and development costs

EUR million	Q1 2023	Q1 2022
Total R&D spend	7.9	7.0
Capitalized	3.1	2.9
Expensed in the P&L	4.8	4.1
R&D ratio (% of revenue)	3.1%	2.6%
Expensed R&D spend	4.8	4.1
Amortization, depreciation and impairment	2.6	3.0
Total R&D expenses	7.4	7.1

Total R&D spend in Q1 2023 increased by 0.9 mEUR compared to Q1 2022 and came to 7.9 mEUR, corresponding to 3.1% of revenue compared to 2.6% in Q1 2022. Investments in R&D continued in line with Business Plan 2026. Of the total spend of 7.9 mEUR, 4.8 mEUR was recognized as an expense in the income statement (Q1 2022: 4.1 mEUR), while 3.1 mEUR was capitalized (Q1 2022: 2.9 mEUR). Total reported R&D costs for Q1 2023 came to 7.4 mEUR (Q1 2022: 7.1 mEUR) and included amortization and depreciation of 2.6 mEUR (Q1 2022: 3.0 mEUR).

Sales and distribution costs in the quarter increased by 5.5 mEUR to 64.3 mEUR, primarily due to cost inflation and higher freight costs to customers, alongside investments in commercial and operational excellence. Administration costs increased by 2.2 mEUR in Q1 2023 to 18.6 mEUR, reflecting cost inflation and investment in the Business Plan 2026.

EBITDA and EBITDA margin

EBITDA before special items decreased by 9.5 mEUR in Q1 2023 compared to Q1 2022 and came to 28.1 mEUR, corresponding to an EBITDA margin before special items of 11.0%, compared to 14.2% in Q1 2022.

EBITDA amounted to 26.1 mEUR compared to 35.0 mEUR in Q1 2022. The EBITDA margin came to 10.2% compared to 13.2% in Q1 2022 due to the effects mentioned above, partly offset by lower special items.

Operating profit before special items and operating profit

Operating profit before special items amounted to 13.2 mEUR compared to 22.5 mEUR Q1 2022. This corresponded to an operating profit margin before special items of 5.1% compared to 8.5% in Q1 2022.

Operating profit amounted to 11.0 mEUR compared to 17.7 mEUR in Q1 2022. This corresponded to an operating profit margin of 4.3% compared to 6.7% in Q1 2022.

Special items

Special items amounted to 2.2 mEUR compared to 4.8 mEUR in Q1 2022. The special items were mainly legal and advisory costs incurred regarding strategic projects related to the continued execution of Business Plan 2026. Q1 2022 was impacted by the write-down of assets in Nilfisk Russia and other costs incurred as a result of suspending activities in Russia.

Details on special items are described in Note 6.

Financial items

Net financial items amounted to a cost of 5.1 mEUR, compared to a cost of 3.2 mEUR in Q1 2022, driven by an increase in foreign exchange losses and increased interest rates.

Tax on profit for the period

Tax on profit was a cost of 1.5 mEUR compared to a cost of 3.8 mEUR in Q1 2022, driven by the decrease in profit before income taxes.

Profit for the period

Profit for the period amounted to 4.6 mEUR compared to 10.8 mEUR in Q1 2022.



Working capital

As of March 31, 2023 working capital was 197.5 mEUR, down by 29.1 mEUR compared to end-Q1 2022 and 4.6 mEUR down compared to end 2022. The decrease compared to Q1 2022 was driven mainly by a decrease in operating working capital.

Trade receivables decreased by 30.7 mEUR from a combination of lower sales activity, especially in the Professional Business and Consumer business, and the non-recourse factoring program with a total volume of 22.7 mEUR end of March 2023.

Inventories decreased by 12.4 mEUR, as Nilfisk brought down safety stock levels to a more normalized level.

Trade payables decreased by 16.4 mEUR in correlation with the inventory development as described above.

Other current receivables decreased by 15.3 mEUR because of the payout of the insurance recovery receivable for the US Distribution Center during 2022 and the first three months of 2023. Please also see Note 10 contingent liabilities.

Other current liabilities decreased by 13.4 mEUR primarily related to repayments of government COVID relief packages during 2022.

The 12-month average working capital ratio came to 21.9% at the end of Q1 2023 compared to 16.7% in Q1 2022, driven by the increase in average working capital level, partly offset by higher revenue.

Capital employed and RoCE

As of March 31, 2023, capital employed amounted to 578.7 mEUR, down by 18.5 mEUR compared to Q1 2022 and down by 6.7 mEUR compared to 585.4 mEUR at the end of 2022. The development in capital employed since Q1 2022 was due to the above-mentioned development in working capital.

The return on capital employed was 11.7%. This was down by 3.8 percentage points from Q1 2022 and down by 1.7 percentage points compared to end of 2022.

Cash flows

Cash flow from operating activities for Q1 2023 amounted to a net inflow of 20.4 mEUR compared to a net outflow of 18.3 mEUR in Q1 2022. The development compared to Q1 2022 was driven primarily by inflow from changes in working capital, which was positively impacted by the non-recourse factoring program, partly offset by lower operating profit and higher financial expenses. Cash flow from investing activities for Q1 2023 was a net outflow of 7.3 mEUR compared to an outflow of 4.4 mEUR in Q1 2022, due to higher investments in strategic R&D projects.

Free cash flow increased by 35.8 mEUR compared to Q1 2022 and amounted to an inflow of 13.1 mEUR.

Equity

Equity was 260.8 mEUR at the end of Q1 2023 against 260.7 mEUR at the end of 2022. For the first three months of 2023, equity was impacted by the reported profit for the period, foreign exchange rate loss adjustments, and a share option program decrease deriving from realization of the 2020 performance share program.

Net interest-bearing debt

At the end of Q1 2023, net interest-bearing debt stood at 317.9 mEUR, down by 6.8 mEUR versus year-end 2022 from the decrease in working capital. Compared to Q1 2022, net interest-bearing debt declined by 54.5 mEUR.

The financial gearing at the end of Q1 2023 was 2.4 versus 2.6 a year ago.

Subsequent events

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to March 31, 2023 that are expected to have a material impact on the Group's financial position.

Outlook for 2023

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

The range for organic revenue growth is expected to be -2% to 2%. This is supported by full-year effects of pricing actions completed in 2022 and by a substantial order book at end-2022. 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 development

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. Also see our 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 2023	Q1 2022
Revenue	4, 5	256.4	264.2
Cost of sales	8	-153.3	-158.6
Gross profit		103.1	105.6
Research and development costs	8	-7.4	-7.1
Sales and distribution costs	8	-64.3	-58.8
Administrative costs	8	-18.6	-16.4
Other operating income		1.0	0.4
Other operating expenses		-0.6	-1.2
Operating profit before special items		13.2	22.5
Special items, net	6	-2.2	-4.8
Operating profit		11.0	17.7
Share of profit from associates		0.2	0.1
Financial income		0.2	0.2
Financial expenses		-5.3	-3.4
Profit before income taxes		6.1	14.6
Tax on profit for the period		-1.5	-3.8
Profit for the period		4.6	10.8
<i>To be distributed as follows:</i>			
Profit attributable to shareholders of Nilfisk Holding A/S		4.6	10.8
Total		4.6	10.8
Earnings per share (based on 27,126,369 shares issued)			
Basic earnings per share (EUR)		0.17	0.40
Diluted earnings per share (EUR)		0.17	0.40

Condensed statement of comprehensive income

for the period ended March 31

EUR million	Note	Q1 2023	Q1 2022
Profit for the period		4.6	10.8
Other comprehensive income			
<i>Items that may be reclassified to the income statement:</i>			
Exchange rate adjustments of subsidiaries		-3.3	4.3
Value adjustment of hedging instruments:			
Value adjustment for the period		0.2	2.0
Transferred to cost of sales		0.2	-0.9
Tax on value adjustment of hedging instruments		0.1	-0.6
<i>Items that may not be reclassified to income statement:</i>			
Value adjustment of hedging instruments transferred to inventory		-0.6	1.4
Comprehensive income for the period		1.2	17.0
<i>To be distributed as follows:</i>			
Comprehensive income attributable to shareholders of Nilfisk Holding A/S		1.2	17.0
Total		1.2	17.0



Condensed statement of financial position

EUR million	Note	March 31 2023	March 31 2022	December 31 2022
Assets				
Goodwill		169.7	169.9	170.4
Trademarks		5.8	7.1	6.1
Customer related assets		3.4	4.8	3.8
Development projects completed		25.7	25.5	24.9
Software, know-how, patents, and competition clauses		20.8	21.6	18.6
Development projects and software in progress		17.3	19.6	20.5
Total intangible assets		242.7	248.5	244.3
Land and buildings		6.8	8.4	6.9
Plant and machinery		4.7	3.9	4.9
Tools and equipment		29.1	28.7	29.3
Assets under construction incl. prepayments		4.5	3.0	4.3
Right-of-use assets		55.5	55.2	57.4
Total property, plant and equipment		100.6	99.2	102.8
Investments in associates		33.6	29.2	33.2
Interest-bearing receivables		2.1	2.0	2.0
Other investments and receivables	7	12.3	6.7	12.0
Deferred tax		20.4	14.6	20.6
Total other non-current assets		68.4	52.5	67.8
Total non-current assets		411.7	400.2	414.9
Inventories		222.9	235.3	220.2
Trade receivables		163.8	194.5	166.7
Interest-bearing receivables		0.4	0.5	0.4
Income tax receivable		2.0	4.2	3.8
Other receivables	7	33.6	48.9	34.7
Cash at bank and in hand		20.6	12.5	22.7
Total current assets		443.3	495.9	448.5
Total assets		855.0	896.1	863.4

EUR million	Note	March 31 2023	March 31 2022	December 31 2022
Equity and liabilities				
Share capital		72.9	72.9	72.9
Reserves		11.4	9.5	14.8
Retained earnings		176.5	142.4	173.0
Total equity		260.8	224.8	260.7
Deferred tax		7.2	5.8	7.3
Pension liabilities		4.1	5.1	4.4
Provisions		5.8	2.8	5.8
Interest-bearing loans and borrowings		279.7	322.6	288.2
Lease liabilities		35.6	36.1	36.9
Other liabilities	7	2.9	3.9	3.1
Total non-current liabilities		335.3	376.3	345.7
Interest-bearing loans and borrowings		3.7	5.8	1.7
Lease liabilities		22.0	22.9	23.0
Trade payables		116.2	132.6	113.2
Income tax payable		8.0	8.7	10.8
Other liabilities	7	97.7	111.1	96.2
Provisions		11.3	13.9	12.1
Total current liabilities		258.9	295.0	257.0
Total liabilities		594.2	671.3	602.7
Total equity and liabilities		855.0	896.1	863.4



Condensed cash flow statement

for the period ended March 31

EUR million	Note	Q1 2023	Q1 2022
Operating profit		11.0	17.7
Depreciation, amortization, and impairment	8	15.1	17.3
Other non-cash adjustments		0.5	-2.6
Changes in working capital		-0.3	-47.8
Cash flow from operations before financial items and income taxes		26.3	-15.4
Financial income received		0.3	0.3
Financial expenses paid		-3.7	-1.6
Income tax paid		-2.5	-1.6
Cash flow from operating activities		20.4	-18.3
Purchase of property, plant, and equipment		-2.2	-1.5
Sale/disposal of property, plant, and equipment		-	0.3
Purchase of intangible assets		-4.4	-3.7
Purchase of financial assets		-0.7	-
Disposal of financial assets		-	0.5
Cash flow from investing activities		-7.3	-4.4
Free cash flow		13.1	-22.7
Changes in current interest-bearing receivables		-	0.1
Changes in current interest-bearing loans and borrowings		1.0	0.6
Changes in non-current interest-bearing loans and borrowings		-9.8	25.3
Payment of lease liabilities		-6.4	-6.0
Cash flow from financing activities		-15.2	20.0
Net cash flow for the period		-2.1	-2.7
Cash at bank and in hand, January 1		22.7	15.0
Exchange rate adjustments		-	0.2
Net cash flow for the period		-2.1	-2.7
Cash at bank and in hand, March 31		20.6	12.5



Condensed statement of changes in equity

for the period ended March 31

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
Equity, January 1	72.9	5.5	9.3	173.0	260.7	72.9	-0.7	4.0	131.5	207.7
Other comprehensive income										
Exchange rate adjustments	-	-3.3	-	-	-3.3	-	4.3	-	-	4.3
<i>Value adjustment of hedging instruments:</i>										
Value adjustment for the period	-	-	0.2	-	0.2	-	-	2.0	-	2.0
Transferred to cost of sales	-	-	0.2	-	0.2	-	-	-0.9	-	-0.9
Transferred to inventory	-	-	-0.6	-	-0.6	-	-	1.4	-	1.4
Tax on value adjustment of hedging instruments	-	-	0.1	-	0.1	-	-	-0.6	-	-0.6
Total other comprehensive income	-	-3.3	-0.1	-	-3.4	-	4.3	1.9	-	6.2
Profit for the period	-	-	-	4.6	4.6	-	-	-	10.8	10.8
Comprehensive income for the period	-	-3.3	-0.1	4.6	1.2	-	4.3	1.9	10.8	17.0
Share option program	-	-	-	-1.1	-1.1	-	-	-	0.1	0.1
Total changes in equity	-	-3.3	-0.1	3.5	0.1	-	4.3	1.9	10.9	17.1
Equity, March 31	72.9	2.2	9.2	176.5	260.8	72.9	3.6	5.9	142.4	224.8

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 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 on 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 our 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 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 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

At the end of Q1 2023 the final loss statement has been received and only a minor insurance payout is still outstanding from the tornado that hit Nilfisk's Distribution Center in Springdale, Arkansas in Q1 2022.

The claims filed against Nilfisk in 2022 by the landlord and our 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, etc.

Normally, 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.

Our earlier 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
Q1 – 2023						
Revenue	144.5	77.0	15.5	19.4	-	256.4
Gross profit	53.2	35.3	8.2	6.4	-	103.1
EBITDA before special items	10.4	19.8	4.6	1.8	-8.5	28.1
<i>Reconciliation to profit before income taxes:</i>						
Special items						-2.2
Amortization, depreciation and impairment						-14.9
Share of profit from associates						0.2
Financial income						0.2
Financial expenses						-5.3
Profit before income taxes						6.1
Organic growth	-2.7%	6.5%	6.9%	-25.4%	-	-2.0%
Gross margin	36.8%	45.8%	52.9%	33.0%	-	40.2%
EBITDA margin before special items	7.2%	25.7%	29.7%	9.3%	-	11.0%
Q1 – 2022						
Revenue	150.0	73.0	14.7	26.5	-	264.2
Gross profit	55.9	34.2	7.7	7.8	-	105.6
EBITDA before special items	17.1	20.9	4.6	2.8	-7.8	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
Organic growth	14.6%	5.9%	7.0%	-5.8%	-	9.3%
Gross margin	37.3%	46.8%	52.4%	29.4%	-	40.0%
EBITDA margin before special items	11.4%	28.6%	31.3%	10.6%	-	14.2%

Note 5 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	Revenue Q1 2023	Revenue Q1 2022	Organic growth
EMEA region	148.8	160.6	-4.4%
Americas region	88.8	86.3	0.0%
APAC region	18.8	17.3	10.2%
Total	256.4	264.2	-2.0%

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

Note 6 Special items, net

EUR million	Q1 2023	Q1 2022
Divestment	-0.2	3.3
Business restructuring	2.4	1.5
Total	2.2	4.8

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 below.

EUR million	Q1 2023	Special items	Q1 2023 adjusted	Q1 2022	Special items	Q1 2022 adjusted
Revenue	256.4	-	256.4	264.2	-	264.2
Cost of sales	-153.3	-	-153.3	-158.6	-1.5	-160.1
Gross profit	103.1	-	103.1	105.6	-1.5	104.1
Research and development costs	-7.4	-0.7	-8.1	-7.1	-	-7.1
Sales and distribution costs	-64.3	-1.6	-65.9	-58.8	-0.8	-59.6
Administrative costs	-18.6	-0.2	-18.8	-16.4	-1.5	-17.9
Other operating income/expenses, net	0.4	0.3	0.7	-0.8	-0.8	-1.6
Special items, net	-2.2	2.2	-	-4.8	4.8	-
Operating profit	11.0	-	11.0	17.7	0.2	17.9
Share of profit from associates	0.2	-	0.2	0.1	-	0.1
Financial income/expenses, net	-5.1	-	-5.1	-3.2	-	-3.2
Profit before income taxes	6.1	-	6.1	14.6	0.2	14.8
Tax on profit for the period	-1.5	-	-1.5	-3.8	-0.2	-4.0
Profit for the period	4.6	-	4.6	10.8	-	10.8

Special items recognized in Q1 2023 were mainly legal, advisory and redundancy costs incurred regarding strategic projects related to the continued execution on Business Plan 2026.

Further, Nilfisk has incurred insurance income following the tornado impact on Nilfisk's US Distribution Center in Springdale at the end of Q1 2022.

Divestment income in Q1 2023 was related to the final steps of the liquidation of Nilfisk Russia.

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

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

EUR million	Q1 2023	Q1 2022
<i>Financial assets:</i>		
Derivative financial instruments	13.7	8.9
Fair value through other comprehensive income	13.7	8.9
Derivative financial instruments	0.9	2.5
Fair value through profit and loss	0.9	2.5
<i>Financial liabilities:</i>		
Derivative financial instruments	2.0	1.2
Fair value through other comprehensive income	2.0	1.2
Derivative financial instruments	1.0	2.6
Fair value through profit and loss	1.0	2.6
Financial instruments, net	11.6	7.6

Note 8 Amortization, depreciation, and impairment

EUR million	Q1					
	2023	2022	2023	2022	2023	2022
	Intangible assets		Property, plant and equipment		Total	
Amortization and depreciation						
Cost of sales	-	-	4.7	4.6	4.7	4.6
Research and development costs	2.5	2.6	0.1	0.1	2.6	2.7
Sales and distribution costs	0.6	0.8	2.6	2.1	3.2	2.9
Administrative costs	1.9	1.9	2.5	2.4	4.4	4.3
Special items	-	-	0.2	-	0.2	-
Total	5.0	5.3	10.1	9.2	15.1	14.5
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	5.0	5.6	10.1	11.7	15.1	17.3

Amortization of acquisition-related intangibles were 0.6 mEUR in Q1 2023, included in sales and distribution costs. In Q1 2022, amortization of acquisition-related intangibles were 0.8 mEUR, also included in sales and distribution.

No impairment losses have been recognized in Q1 2023.

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

Note 9 Long-term incentive programs

Performance share program

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.

The number of outstanding performance shares was 155,697 at March 31, 2023.

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 and approval by the Board of Directors. As of March 31, 2023, no warrants have been issued.

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, our insurer filed a lawsuit in Denmark against Nilfisk with respect to the insurance payout for the tornado destruction at 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

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to March 31, 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
4	CAPEX ratio	CAPEX as a percentage of revenue
5	Days sales outstanding	Accounts receivables (excluding VAT) minus bad debt provision divided with latest three months net sales accumulated up to twelve months and multiplied by 365
6	Diluted earnings per share	Profit (loss) attributable to shareholders of Nilfisk Holding A/S as a percentage of diluted average number of outstanding shares
7	EBITDA before special items	Earnings (profit) before interest, tax, depreciation, amortization, impairment, and special items
8	EBITDA	Earnings (profit) before interest, tax, depreciation, amortization, and impairment
9	EBITDA margin before special items	EBITDA before special items as a percentage of revenue
10	EBITDA margin	EBITDA as a percentage of revenue
11	EBIT before special items	Earnings before interest, tax, and special items (operating profit before special items)
12	EBIT	Earnings before interest and tax (operating profit)
13	EBIT margin before special items	EBIT before special items as a percentage of revenue
14	EBIT margin	EBIT as a percentage of revenue
15	Earnings per outstanding share (EPS)	Profit (loss) attributable to shareholders of Nilfisk Holding A/S relative to average number of outstanding shares
16	Equity value per outstanding share	Equity attributable to shareholders of Nilfisk Holding A/S per outstanding share at December 31
17	Financial gearing	Net interest-bearing debt divided by EBITDA before special items LTM
18	Free cash flow	Cash flow from operating activities less cash flow from investing activities
19	Free cash flow excluding acquisitions and divestments	Free cash flow plus cash flow from acquisition of businesses and less cash flow from divestment of businesses
20	Full-time equivalent (FTE)	Full-time equivalent is calculated as the number of total hours worked divided by the numbers of hours for a full-time work.
21	Gross margin	Gross profit as a percentage of revenue
22	Inventory days	Gross inventory divided by latest three months cost of sales excluding amortizations and service department costs accumulated up to twelve months and multiplied by 365
23	Investment ratio	Additions as a percentage of depreciations/amortizations
24	LTM	Latest twelve months
25	Net interest-bearing debt	Current and non-current interest-bearing loans and borrowings less interest-bearing receivables and cash
26	OCI	Other comprehensive income
27	Organic growth	Organic growth in local currency excluding acquisitions and divestments and foreign exchange rates
28	Overhead cost ratio	Overhead costs as a percentage of revenue
29	R&D ratio	Research and development spend as a percentage of revenue
30	Return on capital employed (RoCE)	EBIT before special items LTM as a percentage of average capital employed, calculated by taking the capital employed at December 31 and at the end of the preceding four quarters
31	Working capital	Current assets minus current and non-current liabilities (excluding interest-bearing items and provisions)
32	Working capital ratio	Average working capital LTM as a percentage of revenue



Quarterly overview

EUR million	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Income statement					
Revenue	256.4	270.3	263.0	272.0	264.2
EBITDA before special items	28.1	39.5	29.2	34.5	37.6
EBITDA	26.1	38.7	26.3	33.3	35.0
Operating profit (EBIT) before special items	13.2	23.4	13.8	19.8	22.5
Operating profit (EBIT)	11.0	22.5	10.8	18.6	17.7
Special items, net	-2.2	-0.9	-3.0	-1.2	-4.8
Financial items, net	-5.1	-7.4	-0.9	-5.5	-3.2
Profit for the period	4.6	11.8	7.6	10.4	10.8
Cash flow					
Cash flow from operating activities	20.4	57.1	24.8	18.4	-18.3
Cash flow from investing activities	-7.3	-8.7	-7.1	-7.3	-4.4
– hereof investments in property, plant and equipment	-2.2	-3.9	-2.2	-2.9	-1.5
– hereof investments in intangible assets	-4.4	-5.1	-3.6	-3.5	-3.7
Free cash flow	13.1	48.4	17.7	11.1	-22.7
Statement of financial position					
Total assets	855.0	863.4	922.2	910.8	896.1
Group equity	260.8	260.7	266.8	245.4	224.8
Working capital	197.5	202.1	250.4	244.1	226.6
Net interest-bearing debt	317.9	324.7	365.1	367.5	372.4
Capital employed	578.7	585.4	631.9	612.9	597.2
Financial ratios and employees					
Organic growth	-2.0%	2.3%	5.4%	2.8%	9.3%
Gross margin	40.2%	40.0%	39.1%	38.8%	40.0%
EBITDA margin before special items	11.0%	14.6%	11.1%	12.7%	14.2%
EBITDA margin	10.2%	14.3%	10.0%	12.2%	13.2%
Operating profit (EBIT) margin before special items	5.1%	8.7%	5.2%	7.3%	8.5%
Operating profit (EBIT) margin	4.3%	8.3%	4.1%	6.8%	6.7%
Financial gearing	2.4	2.3	2.7	2.7	2.6
Overhead costs ratio	35.1%	31.3%	33.9%	31.5%	31.5%
CAPEX ratio	2.6%	3.3%	2.2%	2.4%	2.0%
Working capital ratio	21.9%	21.6%	20.4%	18.6%	16.7%
Return on Capital Employed (RoCE)	11.7%	13.4%	12.2%	13.8%	15.5%
Basic earnings per share (EUR)	0.17	0.44	0.28	0.38	0.40
Diluted earnings per share (EUR)	0.17	0.44	0.28	0.38	0.40
Number of full-time employees, end of period	4,684	4,655	4,737	4,799	4,930



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, 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 March 31, 2023, and the results of the Group's activities and cash flow for the period January 1 - March 31, 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 Q1 Interim Report of Nilfisk Holding A/S for the period January 1 - March 31, 2023 identified as 529900FSU45YYVLKB451-2023-03-31.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Brøndby, May 17, 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 Q1 2023 was published on May 17, 2023.
The report is also available at www.nilfisk.com.

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